

Edmund Van Ness

1490. b. 1.

AN
ENQUIRY
INTO THE
PRINCIPLES OF TAXATION.



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AN

ENQUIRY

INTO THE

PRINCIPLES OF TAXATION,

CHIEFLY APPLICABLE

TO ARTICLES OF

IMMEDIATE CONSUMPTION.

*I WILL MAKE THINE EXACTORS RIGHTEOUSNESS.—VIOLENCE SHALL
NO MORE BE HEARD IN THY LAND; WASTING NOR DESTRUCTION
WITHIN THY BORDERS. Isa. lx. 17, and 18.*

DUBLIN:

PRINTED FOR WILLIAM JONES, 86, DAME-STREET.

1791.



P. R. A. C. E.

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as an art, but has never been fully explain-
ed.—The subject is treated by the Revenue
Officer, and the master of the customs, whose
obligations are in part limited to par-
ticular cases, and whose earnings are deter-
mined by the number of vessels. Philosophers
on the other hand, relying on the partial in-
formation of others, and meeting with pre-
judice.

P R E F A C E.

TAXATION has long been practised as an art, but has never been fully explained.—The subject is above the Revenue Officer, and the mere man of business, whose observations are in general limited, to particular cases, and whose reasonings are dictated by their immediate views. Philosophers, on the other hand, relying on the partial information of others, and meeting with practical

tical questions, on which they were unable to decide, have contented themselves with those general speculations, which are rather amusing and plausible, than solid and instructive.

IN this way, taxation, as a subject of knowledge, has never been duly cultivated; and therefore we need not wonder at the uncertainty in which it is involved, and the inconsistent, ever-varying, and ineffectual laws, which the Legislature are continually promulgating, with regard to some of the most important branches of Revenue.

As the present is the first regular attempt, which has been made, to supply this important chasm, in the science of Government, the Author will have no reason to request the candour of those who are best qualified to

P R E F A C E.

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to judge of it. And he flatters himself, that the general importance of the subject, will induce all who are interested in the public welfare to give it a patient, and attentive perusal.

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AN
ENQUIRY
INTO THE
PRINCIPLES OF TAXATION.

INTRODUCTION, AND PLAN OF THE WORK.

TA X E S on articles of immediate consumption appear to be the easiest and most productive sources of revenue. There is nothing to hinder the rate of such duties to be perfectly certain ; they are always paid by the consumer at the time most convenient for himself ; they are voluntary ; and, being blended with the price of the goods, the generality of contributors soon forget that they are taxed at all.

B

Experience

Experience, however, seems to have demonstrated that these taxes are not free from very serious inconveniencies. They take and keep a great deal more money out of the pockets of the publick than goes into the Exchequer; this they do, not only in the great expence which is necessary for collecting them, but in the immense sums that are wasted by the smuggler in carrying on the contraband trade, and by government, in fruitless attempts to put a stop to it. But this is not all; such taxes, from their very nature, seem to require a severity of law, and a strictness of administration, which is inconsistent with the liberties of a free people.

About the æra of the revolution these objections were not foreseen. At that time the advantages only of taxes on consumable commodities were known. Impressed with the productive nature of this source of revenue, and aware of the increasing quantity of consumable articles in the country, the patriots of those days objected to such taxes, because they would be too efficient, and might render the crown independent of parliaments. Our growing wants, and the



the introduction of smuggling, however, soon dissipated these fears, if they were ever seriously entertained; and though our subsisting taxes would, perhaps, be more than adequate even to our present wants, if the evils which have been mentioned could be avoided, yet, while these evils remain, the exchequer can neither be plentifully supplied, nor the political constitution be kept free from corruption.

But are these evils necessary? are they attached to the nature of such taxes, or do they spring from the improper manner in which they have been conducted and applied? These questions are closely connected, not only with the welfare and prosperity, but even with the existence, of this country, as a great and independent nation. It is the object of the following pages to answer them; and to illustrate the subject, it will be necessary,

In the first place, to take a view of the manner in which our Financiers have extracted a revenue from articles of immediate consumption. In doing this it will be necessary to give a short

historical account of some of the duties, with the attempts which have been made to secure them ; and to point out the most important errors into which the legislature has fallen, and which have proved injurious to the revenue, by effectually obstructing its improvement. This will form the subject of the *first book*, which will contain a pretty full account of what I have taken the liberty to call the *over-tax system*.

But besides these practical opinions which prevent the increase of revenue, there are speculative principles which often unite with them to check any plan of general reformation. These it is necessary to state and examine. In doing this I shall have occasion, first, to enquire into the manner in which a state or commonwealth should increase its revenue with the growing wealth of the people. Secondly, to ascertain the circumstances which occasion the great expence of collecting duties on articles of immediate consumption. And, thirdly, to consider the question, on whom taxes on such articles ultimately fall ? These particulars form the subjects of the *second book*.

Nobody

Nobody supposes that revenue laws and fiscal regulations have an unlimited power to secure duties. It seems to be a matter of the highest importance, therefore, to ascertain the extent and limitation of that power. This subject, so far as I am acquainted, has never been treated of; nor do I know of any attempts that have been made to ascertain principles by which the power of fiscal regulations may be estimated. This is the subject of the *third book*. In it I endeavour to mark the circumstances which fit or unfit commodities to be subjects of taxation; to point out the general circumstances on which the power of fiscal restraints depend; and to exhibit a specimen of the manner of fixing the rate of a duty on any given article to the power of fiscal regulations, so that smuggling shall be prevented, and the numerous evils of the system hitherto pursued may be avoided.

B O O K. I.

Of the Over-tax System.

BY the term, *over-tax system*, I do not mean to intimate, that there ever was any premeditated intention to over-tax. But though over-taxing originated in prejudice and inattention, yet as it is persevered in from false opinions, of which itself is a principal source, we may, without much impropriety, call it a *system*.

It is universally allowed, that a tax may be so high on an article of consumption that it would be impossible to levy it ; the temptation to smuggling may be so great that no fiscal regulations however perfect, no laws however severe, and no police however strict, would be sufficient to prevent it. A commodity taxed to this degree is, with the greatest propriety, said to be over-taxed.

taxed. But though a rate of duty should not be so high as is here supposed, yet if it is high enough to give ample encouragement to smuggling, in opposition to the strictest regulations sanctioned by the severest penalties which the circumstances of the times, and the genius of the people can admit of, we need not scruple to say, that such articles are over-taxed. A very flight acquaintance with the subject will satisfy any one that this is the present situation of many of the taxed articles in *Great Britain*. Every year we are surprised to be informed of the immense quantities of goods that are continually smuggled in almost every department ; while, at the same time, the severity of the revenue code is complained of, and the fiscal regulations, by which the revenue is attempted to be secured, though the most excellent perhaps that ever were devised, have been found, in the course of a long experience, to be ineffectual to prevent the smuggling which they were intended to suppress *.

* Reports of revenue committee 1783.

C H A P. I.

Of the rates of the duties on some consumable commodities, viewed in connection with their quantity amounts.

S E C T. I.

Introduction to the Chapter.

THE title of this chapter is sufficiently expressive of what it contains. By a simple detail of revenue amounts, as connected with the rate of duties, I wish to accomplish three distinct though connected objects. First, as smuggling always prevails when the rate of duty is too high, I wish to impress this truth upon the mind of the reader, by shewing that the quantity of a taxed article always decreases on the revenue-books after it is over-taxed. Secondly, I endeavour to ascertain the point at which some principal articles of our revenue were over-taxed.

taxed. And, thirdly, to establish several facts, to which we shall afterwards have occasion to refer.

The numerical detail necessary for these purposes, though dry, is important. It is the result of a careful examination of the appendixes to which references are made; and will appear interesting to the reader, who will examine it with care, in proportion as he keeps in his view the importance of one or all of the objects which have been mentioned.

S E C T. II.

Of Beer and Ale in England.

IN the year 1660 (by 12 Charles II.) there were two duties imposed upon English ale, amounting to 2s. 6d. on the barrel of strong, and 6d. on the barrel of small beer.

These

These taxes were farmed till the year 1684, when they were put under the management of commissioners.

For a considerable time they yielded a revenue that was gradually increasing *.

On an average of ten years, from 1684 to 1693 inclusive, the amount of ale charged with duty was annually,

Of strong,	-	4,567,293 barrels,
small,	-	2,376,278 ditto †.

Soon after the revolution several temporary duties were imposed on beer and ale; but by the 5th of William and Mary, *i. e.* in 1694, the established duties were 4s. 9d. on the strong, and 1s. 3d. on the small beer *per* barrel, instead of 2s. 6d. and 6d. which had been the rate of the ale duties before the 1690.

* See Appendix, No. 1.

† See Appendix, No. 2. first period.

For the next ten years, *viz.* from 1694 to 1703, the amounts fell,

The strong ale to	3,374,604 barrels,
The small beer to	2,180,764 ditto ‡.

Davenant, who remarks this fall of the amounts, attributes it to smuggling, which, he says, was owing to the mismanagement of the commissioners. I am not disposed to question his general remarks upon this subject; but he would have been nearer the truth had he said, that it was principally owing to the increase of the rate of the duty; for since that time smuggling has prevailed under every management. If we examine the amounts down to the 1750, we shall find, that, on an average, they continue nearly a million of barrels of strong ale below what they were before the 1690*.

But as I believe that the brewery was overtaxed, by the various additional duties that were imposed from the 1690 to the 1694, I think it unnecessary in this place to note, either the additional

‡ See Appendix, No. 2. second period.

* See Appendix, No. 3.

ditional duty which was laid on in 1760, or to remark the incidental fluctuations, which may be observed on the accounts of later periods. Amidst all the variations which have taken place in this branch, ever since it was over-taxed, one fact remains certain, *viz.* that smuggling “has, and still continues to prevail, to a very alarming degree †.”

S E C T. III.

Of Beer and Ale in Scotland.

IF we turn our attention to the north of the Tweed, similar facts present themselves.

At the union, the English duties on ale were introduced into Scotland. But besides strong and small beer, the Scotch had an intermediate species,

† See Revenue Committee's first report, 24th December 1783.

species, which they called *twopenny*, and which was their great beverage; the duty on it was 2s. $1\frac{1}{4}$ d. $\frac{1}{19}$ q. *per* barrel.

For the first thirty years after the introduction of the excise into Scotland, the annual amount of this ale was always considerably above 400,000; and in some years it even exceeded 500,000 barrels *. And though from the 1740 to the 1759 some accidental fluctuations took place in this article, yet the amounts began to rise in 1760 †. In that year, however, an additional duty of 1s. $3\frac{1}{2}$ d. was imposed, making the whole twopenny duty 3s. $4\frac{1}{4}$ d. $\frac{1}{19}$ q. This blow the Scotch brewery never recovered. Instead of 3, 4, or 500,000, the officers books now seldom exceed 100,000 barrels ‡.

* See Appendix, No. 4.

† See Appendix, No. 5.

‡ See Appendix, No. 6.

S^{*}E C T. IV.*Of English Low Wines and Spirits.*

HOME-made spirits were also taxed by 12 Charles II. At that time a duty of 2d. was imposed on each gallon of spirits. I will not trouble the reader, with a detail of the various additional duties which followed. They were no less than eleven in number ||. It was judged expedient, however, at a very early period, to lay the duties on spirits of the first extraction, which are denominated *low wines*, as well as on spirits properly so called. This gave rise to what was called *the presumptive manner of charging*. The accounts accordingly often contain the quantity of low wines only, but from these the quantity of proof spirits can be easily ascertained.

The

|| *Viz.* By 12 and 13 Will. and Mary, 8 Anne, 16 Geo. II. 19 Geo. II. 24 Geo. II. 33 Geo. II. Chap. ix. 2 Geo. III. Chap. v. 19 Geo. III. 21 Geo. III. and 22 Geo. III.

The duties imposed on the corn distillery to the year 1750 were on the whole moderate. At that time they amounted to $11\frac{1}{2}d.$ $\frac{2}{3}q.$ on the gallon of proof spirits, equal to about $1d.$ $\frac{1}{2}\frac{5}{8}q.$ on the gallon of *wajs*.

The annexed account, accordingly, exhibits a gradual increase on the amounts from the year 1694, to the year 1751 †.

In the year 1750, there were returned, by the excise officer, of low wines, 10,599,300 gallons, in the year 1751, - 11,200,000 ditto.

But in the year 1751, the duties were nearly doubled ‡. In the next year (1752) there were only 7,000,000 of gallons of low wines returned by the excise officers, and it appears that the amounts

* The fermented worts before they are distilled, upon which the duty is now charged.

† See Appendix, No. 7.

‡ In the year 1750 the duties were $2\frac{1}{2}d.$ on the gallon of low wines, and $7\frac{1}{2}d.$ on the gallon of spirits. In the year 1751 they were raised to $4d.$ on the gallon of low wines, and to $1s.$ on the gallon of spirits.

amounts never afterwards rose much above that quantity *.

In the year 1757, this distillery was altogether prohibited. In the 1760 it was again permitted with an additional duty, which was more than all the former duties put together †.

From this period down to the present moment, if we are to trust to the excise officers' books, there has never been in any one year 2,800,000 gallons of proof spirits produced by the whole distillery of England †.

* See Appendix, No. 7.

† This addition was 5d. on the gallon of low wines, and 1s. 3d. on the gallon of spirits; making on the whole 9d. on the gallon of low wines, and 2s. 3d. on the gallon of spirits, equal to 6d. $\frac{3}{4}$ q. on the gallon of wash.

‡ See Appendix, No. 8.

S E C T.

S E C T. V.

Of Low Wines and Spirits in Scotland.

THE Scotch distillery presents us with facts of a similar complexion.

We formerly remarked, that at the time of the union, the English excise duties were extended to that country.

It is unnecessary here to specify the reasons ; but the additional duties which were laid on the English corn distillery in the year 1751, did not extend to Scotland ; so that when the English distiller was subject to a duty of 4d. on the gallon of low wines, and 1s. on the gallon of spirits, the Scotch distiller was only chargeable with a duty of $1\frac{1}{2}$ d. on his low wines, and $4\frac{1}{2}$ d. on his spirits.

In tracing the accounts of these articles, we accordingly find no such decrease of the Scotch amounts in the year 1752, as we had occasion to remark in those of England. On the contrary, the Scotch amounts continue to rise under the moderate duty during the years 1752 and 1753^{*}; nor do they suffer any material diminution till the prohibition in 1757, and till the additional duty 1760 came to operate. Then indeed they fell from 4 and 500,000 gallons, to 30, 40, and at most, to 50,000 gallons annually; and even when the Scotch distiller supplied part of the London market, they never rose to 270,000 gallons of spirits in any one year †.

^{*} See Appendix, No. 9. At this time there was no importation to England.

† See Appendix, No. 10.

S E C T. VI.

Of Foreign Spirits.

IN the year 1689, the duty on brandy was 1s. 4d. *per* gallon †. By the time of passing the acts of the 4th, 5th, and 6th, of William and Mary, the distinction between single and double spirits had been made. These acts added 3s. to the single and 6s. to the gallon of double spirits of excise duties, over and above other imposts.

The jealousies and animosities which subsisted in Europe, particularly between France and England, towards the end of the last century, occasioned a frequent opening and shutting of our ports to French commodities, and render the importation accounts of that period more peculiarly precarious. Before the prohibitory act, which took place at the Revolution, and while the duties were moderate, there was frequently

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† See Davenant's first Report.

quently imported in a year from France alone, 1,300,000 gallons of brandy ; in some years about 2,000,000 of gallons*. But for above twenty years after the operation of the duties of 5th and 6th of William and Mary, I see no brandy amounts which rise to 200,000 gallons in any one year †.

Since the 1695 many additional duties on foreign spirits have been imposed, with which I shall not trouble the reader ; let it suffice to observe, that, in the year 1784, the duties on single or proof foreign spirits amounted to above 9s. and on double to above 18s. *per* gallon. These taxes were laid on (as was said at the time) either to increase the public revenue, or to give the preference to our West-India merchants in the sale of their rum. It is certain, however, that smuggling has continually prevailed in this article ; and that in these times, while the revenue officers' books never exhibit an annual

* Davenant in his first Report (written 1711) says, that in the year 1685 there were 6000 tons of brandy imported into England, and the same quantity in the year 1688-9. There was no re-exportation.

† See Appendix, No. 11.

nual amount of 800,000 gallons of foreign spirits legally imported*, there are above 4,300,000 gallons of brandy smuggled on the coasts of Great Britain in one year †.

S E C T. VII.

Of Foreign Wines.

IN 1697, the Commissioners of trade and plantations reported to King William, that in each of the years 1685 and 1689 there were 20,000 tons of wine imported into England from France alone. Davenant disputes this fact ‡, but asserts, that in the years 1701, 1702, and 1703, the annual import from different countries exceeded 19,000 tons. In those days there were no wines re-exported.

Before

* See Appendix, No. 12.

† See Appendix, No. 13.

‡ See his first Report.

Before the 1685, the duties on French, Spanish and Portugal wines, amounted to about six or seven pounds sterling *per* ton. After the 1785, they were about *L.* 13 or *L.* 14; and before Mr. King wrote the British Merchant, (1713,) the duties on French wines were as high as *L.* 24 *per* ton. From the year 1770 to the year 1782 the duties on French wines were from *L.* 60 to *L.* 96; on other wines from above *L.* 30 to above *L.* 45 *per* ton *.

The average quantity imported, during the four last years of this period, is about 14,094 tons; the re-exportation is 2006; so that only 12,000 tons remains for the consumption of England†. But we have seen that 19,000 or 20,000 tons were annually imported at the beginning of this century.

* Ninth Appendix to Revenue Committee's first Report.

† See Appendix, No. 14.

S E C T. VIII.

Conclusion of the Chapter.

IT is generally allowed, that most of our Revenue articles are over-taxed. In analysing this truth, I have given a detail of the gradual rise of some of the duties; noted the æras at which a few of the articles were over-taxed; and remarked the decrease of quantities on the Revenue books, at the respective periods, when the high duties began to operate. But though it is of great moment to know when an article is over-taxed, yet the decrease of the quantity which then takes place on the Revenue books, is by no means a correct measure of the extent of smuggling, which may afterwards prevail in that article. It is also to be remembered, that though too high a rate of duty always occasions smuggling, and though this may be traced on the face of Revenue accounts when they are carefully attended to, yet the converse of
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the proposition is not true, *viz.* That the falling of revenue amounts is an unequivocal proof of smuggling. Revenue amounts may rise and fall from causes altogether unconnected with taxes.

Besides the articles we have noticed, there are other subjects of taxation which exhibit facts similar to those which have been stated. The few we have mentioned, however, are sufficient for our present purpose; smuggling, with regard to them, seriously commenced at the periods we have specified, and it still continues to prevail, notwithstanding all the efforts which have been made to put a stop to it.

C H A P.

C H A P. II.

Of the means by which the legislature have attempted to prevent or suppress smuggling, with the consequences of these attempts.

Introduction to the Chapter.

THOUGH frauds in collecting the public revenue have been complained of, from the earliest periods of our history, down to the present time, yet they have arisen from very different causes. It will appear, from the detail in this chapter, that the early revenue frauds arose from defects in government, and from want of accuracy in the regulations necessary to secure the duties. The frauds which now prevail, arise from over-taxing the articles from which we would extract our revenue.

S E C T.

S E C T. I.

General Remarks.

CONSUMABLE commodities are more liable to be smuggled than other subjects of taxation. The means which have been employed to prevent this are, the prohibitions, forfeitures, and fines threatened by the law ; and subsidiary to these, the surveying arts of the revenue officers.

As revenue laws and the art of surveying were very imperfect in early periods, it is only necessary to make a few cursory observations on them, prior to their more regular establishment.

It is remarkable, that the first complaints of irregularities respecting revenue, are against the revenue officers themselves. The third Statute of Henry VI. chap. iii. (*anno* 1424,) is intended
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to prevent the collectors of the customs, from concealing the duties they receive. But we find very early intimations of smuggling also ; for by the 3d of Henry VII. (*anno* 1480,) certificates are required to accompany goods from port to port, under the penalty of being forfeited. By this law the customer is threatened, if he does not perform his duty. Even by the first of Elizabeth, (*anno* 1558,) where smuggling by the merchants is first formally stated, there are high penalties on the custom-house officers for concealing frauds ; for it is by their connivance, it is expressly said, that so great a quantity of goods (wine, &c.) had been run, within a few years preceding that act. To prevent the smuggling which prevailed in those days, regular ports were established. Goods were prohibited to be landed but in day-light, and very high penalties were laid on shipmasters, who did not give regular notice of their arrival and departure, and did not load and unload their cargoes at the ports, and within the hours specified in the law.

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There appear no new revenue regulations on the statute book after this, till the days of Charles II. when the foundations of the present code were established. At that time (after a lapse of above an hundred years), the regulations of Elizabeth are re-enacted, and form part of the revenue laws at this day. In the customhouse law of the 13th and 14th of Charles II. (*anno* 1662,) not only the secret arts, but the open violence, of the smuggler are complained of. And amidst the various regulations, which are instituted to put a stop to them, we still perceive the collusions of the customhouse officer, to be one great source of smuggling and fraud. For though by this law, the officer is protected against the maltreatment of the smugglers, we see him at the same time liable to be fined and punished, for his collusions with them, and prohibited from taking more than his legal fees.

It was long after the laws relative to customs, that the excise was established in this country. We know little about the excise till the year 1660, when by the 1st of Charles II. the first of the present excise duties were imposed. These
duties

duties were low. The regulations for collecting them were general. They were fenced with few prohibitions; and the penalties seldom exceeded the value of five pounds.

It would appear that the brewer, whose duties were higher than those of the other traders, but who was lured principally by the unsettled state of the government and the imperfection of the surveying regulations, had adopted practices, calculated to avoid the payment of his duties, and to embarrass the surveys of the officer. Accordingly, within three years, we have a new excise law*, by which these practices were described and prohibited. It deserves remark, that while the early Customhouse laws are intended to prevent the collusion of the customhouse officer with the trader, it is one of the objects of this law, to protect the trader against the severity of the excise officer. This appears sufficiently evident, from the first, 2d, 7th, 8th, and 10th sections of the law. It is true indeed, that after this time, the excise was under farm; but it is the excise officer, as well

as

* 15th Charles II.

as the farmer, who is here pointed at. In 1670, additional duties * on beer and ale were granted for six years: in 1676 they were continued for three years longer. But it does not appear that any additional regulations or restrictions had then been judged necessary. From this time to the 1684, the excise duties were under farm. † They were then put under the management of commissioners, and have remained in this situation ever since.

The early distillery laws shew, that frauds were frequently committed by the distiller, even when the duties were low. These frauds were prohibited by the 1st of William and Mary. It is remarkable that the legislature does not here enact higher penalties: it contents itself with prohibiting fraudulent practices, under the former penalties, and we find (when regularity and good government were established) that under those penalties, higher rates of duties were effectually secured, than existed at the time when those practices were first complained of.

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* *Viz.* 9d. *per* barrel on strong ale, and 3d. on small beer.

† See Appendix, No. 1.

The oaths of merchants and shipmasters, is one of the oldest means, by which the custom duties have been attempted to be secured. They have been more sparingly introduced into the excise, and almost always accompanied with checks from the surveying officers.

It seems scarce necessary to say much, to persuade us that oaths are a very improper manner of attempting to secure duties. When they are so employed, the legislature must either altogether rest upon this evidence of the trader against himself, or accompany it with checks, to detect those traders who may be capable of giving a false oath. If they are altogether rested upon, they evidently give every advantage, in point of profit, to him who swears falsely, over him who feareth an oath. If accompanied with checks, and the check is perfect, there is no use for the oath. If the check is imperfect, it will be no security against false swearing; and when detection takes place, it becomes absolutely necessary for the trader, if he has any regard for character, to bribe the officer to connive at the fraud, which has been committed under the sanction

sanction of an oath. Thus a source of corruption is opened different from, and even more powerful, than the desire of evading duties; a circumstance, which strongly tends to unstring the power of fiscal regulations. To make light of the awful sanction of an oath, is justly considered as a high degree of depravity, preparing the mind for every other enormity. Smugglers, it is probable, begin with the secret commission of this crime, and end with its avowed practice. A customhouse oath with them, is not merely unattended with awe, it is an object of ridicule.

It would be equally unpleasant and unprofitable, to give a minute account of all the revenue laws which load the statute book from the revolution to the present time. It will contribute more to a knowledge of the subject, and enable us more perfectly to estimate the power of fiscal regulations to secure duties, if we confine ourselves to some of the more perfect systems of laws, as they have been applied to secure a particular branch of the revenue.

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As it is generally allowed, that the excise regulations are better fitted to secure a revenue, than those of the customs, we shall limit our attention to the excise.

The foundation of the excise laws was laid in 1660, by the 12th of Charles II. By this act duties are imposed on ale, cyder, metheglin, vinegar, and strong waters, *i. e.* the distillery *. The rate of the duty, to be charged on each of these articles, is mentioned; general directions are given to the traders and revenue officers; but the taking account of the quantities produced by every trader, is left to the management and care of the farmers, or commissioners of excise, and their officers.

I have not been able to discover, who invented or established the excise regulations, but they exhibit great ingenuity and accuracy, and were found so admirably fitted, to render the early excise laws effectual, that they have been applied to every succeeding article, and persevered in, though not with equal success, down to the present moment.

* See the Act.

It will not be easy, perhaps, to communicate a distinct knowledge of the excise method of taking account of the duties, to a person altogether unacquainted with it. But as it is impossible to form an adequate conception, of the means which have been employed by the legislature, to secure this most important branch of the revenue, without a general knowledge of this subject, it seems necessary to give some short account of it. I shall therefore make a few observations :

1st, On the excise art of surveying.

2dly, On the officers employed in it.

3dly, On the attempts which have been made, to distinguish goods that have paid duty, from those that have not paid it.

SECT.

S E C T. II.

Of the Excise Art of Surveying.

SURVEYING, as understood in the excise, is the art of taking an exact account, of the present state and quantity of goods, contained in a trader's manufactory and stock, and recording it in a clear and distinct manner.

Though gauging is necessary to surveying, yet it is a different art, and separated from it.

Before a trader (a brewer or distiller for example) can begin his business, all the utensils which he is to employ in carrying it on must be *entered, marked, and gauged*. His copper, or stills; his coolers, vats, squares, tuns, &c. are not only gauged, but the quantity each contains, in every inch of its area, from the bottom to the top, is recorded in what is called *a table-book*.

So that while the utensils remain, and remain in the same situation, the contents of each, at every possible depth, are at once seen by a bare inspection of these tables. By means of a gauging-rod, therefore, and a very little instruction, it is easy for a person to say what, and how much is contained in every such utensil. Even the storehouses of such traders are in a similar situation ; so that a surveying officer sees, not only what a trader is doing in his manufactory, but how his sales advance, and how his stock is supplied. It is evident, that an exact survey can be repeated, as often as the surveyor pleases ; and that though worts (for example) should be thrown from one utensil into another, of the most opposite description, yet the quantities must always appear to be the same, if the table-book has been accurately made up, unless part of them have been abstracted by the trader.

The operations necessary to fit a commodity for the market, oblige each class of traders to follow certain rules, in conducting their manufactory. These rules are dictated to them, by
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the nature of the commodity they prepare for sale. An attention to these rules, in other words, to the operations carried on in the manufactory, naturally gives rise to a particular set of surveying regulations, suited to each article. Hence are formed separate instructions, for surveying brewers, distillers, maltsters, &c. Excise instructions are prefaced with a short account of the manner of preparing a commodity for the market: and being calculated to meet it with a survey, in every stage of its progress through the manufactory, are admirably fitted to ascertain the quantity of goods preparing by every operation; to prevent frauds; and to detect them when they have been committed. The extreme accuracy of these instructions, while it renders surveys easy, at the same time supercedes the necessity of continually making them. An officer, who sees a quantity of barley put into the steep for malt, can foretel almost the precise time of every succeeding operation; and if he suspects a fraud, can make a random survey, by which he is sure to detect that fraud, if any is carrying on. Accordingly, in the early periods of the excise, one officer surveyed, not only a
great

great many traders of the same description, but had several brewers, maltsters, distillers, &c. under his charge at the same time; and this one officer, it is probable, took a better account of the quantities produced by each and all these traders, than is now done by many officers, who are employed, in taking account of the quantities of a single trader.

S E C T. III.

Of Officers.

THE framers of the excise regulations, divided the whole country, into small portions, which they called *divisions*. In each of these divisions, there was originally one gauger, or officer of excise, who had charge of all the traders in his division, of whatever description. He surveyed them regularly, or irregularly, as he judged

judged proper. Each survey was accurately recorded in books, prepared for the purpose ; and which, to a person who understood them, were at once journals of the officers' proceedings, and of the traders' operations. But to secure the revenue from every accident, either of ignorance or collusion, on the part of the officers, the kingdom was also divided into larger portions, called *districts*, which included several divisions. In each of these was placed an officer of a higher class, called the *supervisor*. He was supposed to be both more intelligent, experienced, and independent, than the officer. It was his duty to superintend the business and conduct of the officers within his district: He often entered a division at the most unexpected times ; surveyed every trader's situation ; compared this survey, with the officer's books ; and recorded his transactions, with his own occasional remarks, in a journal or diary, kept for the purpose. These records were transmitted, every six weeks, to the commissioners, by whom they were examined, and by whom delinquents were punished, according to their demerits. Besides these, there were general surveyors,

veyors, who took a wider range ; and even the commissioners used to make check surveys through the country. This formed a complete system, by which, with moderate duties, scarce any fraud could happen ; and which, under an attentive administration, did accordingly produce a growing revenue *.

In later times, however, the number of officers has been increased, not so much perhaps on account of the additional business, as to counteract the increased temptations to smuggling : for it is as easy to survey a large vessel, as a small one ; and the quantities on the officers' books are in fact, not so great now, as they were formerly †. But in order that traders might be more strictly watched, a new set of officers have been appointed, who have no particular division in their charge ; their business is, to make random and unexpected surveys, either in one or more divisions, as is judged necessary ; these are called *coursing officers* ; and in the still greater progress of smuggling, *watching officers* have been

* See Appendix, No. 1.

† See Chap. 1.

been appointed, whose business it is, to remain day and night in the manufactories of particular traders, relieving one another by turns. I have known *ten* such watchers on one distiller at a time ; but this I suppose did not take place, till every other attempt to secure the duties failed *.

S E C T. IV.

Of the attempts which have been made to distinguish goods that have paid duty, from those that have not paid it.

THERE is no greater obstacle to the securing a high rate of duty, from certain consumable commodities, than the difficulty of distinguishing that portion of them which has paid duty, from that on which duty has not been charged. This difficulty, arising from the nature of some articles, was very early felt by the legislature. They supplied

* Salaries to preventive officers of customs, in the out ports alone, amount to *L.* 65,665 a year. See revenue committee's 2d report, p. 10.

supplied it by marking the casks and packages, in which such commodities were contained. In this way, the identity of wine, of spirits, and afterwards, of tobacco and tea, was attempted to be ascertained. But certificates of the payment of duties, now known by the name of permits, have been, by far the most frequent method, of supplying this defect.

As far back as the 7th of Henry III. certificates were required to accompany goods from port to port, and after being frequently applied to the landing of foreign goods, they were also required, to accompany the removal of commodities, in their internal circulation through the country.

The effect of these certificates in securing duties depends much, on the rate of the tax, to which the goods are subject. While they were much abused with regard to foreign spirits, there is every reason to believe, that comparatively, little smuggling of British spirits was carried on, for upwards of thirty years, after this regulation was applied to them *.

In

* See Appendix, No. 7, from 1717 to 1751.

In the progress of smuggling, the necessity of these certificates, became more and more obvious; and, as the simple one, under the hand of the officer, was liable to be forged, they were afterwards thrown off from copper-plate engravings, which it was thought would put a stop to that practice. This, it is true, may have prevented them from being forged, but it could not prevent the officer from being bribed to issue them improperly. These engraved permits, were applied to foreign spirits, when they were over-taxed; while the simple certificate of the officer was all that was judged necessary for British spirits, when the moderate duties on them remained. They were afterwards however applied, both to foreign and home-made spirits, and then they were distinguished by the colour. Permits for foreign spirits were of red, and those for British spirits were printed with black ink.

Nothing can more strongly mark the abuse of permits, than their being considered by smugglers as an article of sale, which they at all times purchase. Their price was well known; and was proportioned to the rate of the duties on
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the article which they could protect, joined to the demand for the goods at the time. The price of a permit, therefore, was very fluctuating. It is in evidence in the court of exchequer in Scotland, that in the year 1774, spirit dealers paid from 6d. to 1s. 3d. *per* gallon, for a red permit. This abuse of permits, however, was still more perceptible in England. The revenue committee, in their first report *, state it as a fact, that, “ the quantity of foreign
“ spirits and tea, permitted to the town of Deal,
“ from the stocks of dealers in London and its
“ neighbourhood, for a period of twelve weeks,
“ ending the 15th of March last, amounted to
“ 76,420 gallons of spirits, and 24,442 pounds
“ weight of tea; although it is sufficiently ob-
“ vious, that not one drop of those spirits, nor
“ one ounce of the tea, actually went from
“ London; and that the permits were forwarded
“ without any goods, to enable the traders to
“ introduce into their stock a like quantity of
“ spirits and tea of the same species, fraudulent-
“ ly or forcibly landed from the smuggling cut-
“ ters.” The legislature, however, have since acted,

* Page 12.

acted, as if the defect had been in the permit itself, rather than in the conduct of the officer who had the care of it, or more remotely, in the rate of the duty, which it was intended to secure. For they have proceeded still to improve permits, by giving them water-marks like bank bills, and by denouncing higher penalties on those who shall forge them. I shall not, however, at present enter into a more minute description of these improvements, as I shall afterwards have occasion to notice them.

What has been said, with regard to excise regulations, may suffice for a general account of them. To trace their application to every taxed article would be impossible: we shall be enabled more clearly to see their operation, if we limit our attention to them, as applied to secure a revenue from the British distillery. To no subject has the legislature paid more attention, or applied more ingenuity. From this example, therefore, we may be instructed, how far it is prudent or safe, to force a revenue, even by perfect regulations, when the commodity is over-taxed.

S E C T.

S E C T. V.

Of the Application of the Excise Laws to the British Distillery.

IT is unnecessary to inform a person, who has any knowledge of the process of distillation, that there are three different kinds of liquor known among distillers. First, the worts, which, when in a state of fermentation, preparatory to distillation, are called tilts, or wash. 2dly, spirits of the first extraction, which are called low wines; and, 3dly, spirits of the second extraction, which are simply denominated spirits.

It has already been observed, that, in 1660, there was a duty of 2d. laid on the gallon of proof spirits. At that time, very general and simple regulations, were established for securing this duty, and the revenue officers, had probably instituted a mode of surveying, suited to the peculiar manner in which the distiller carried
on

on his business. In these, however, there had been several defects and inaccuracies, which had tempted the trader, in the then unsettled state of the government, both to resist and defeat the surveys of the officer. This appears by the 1st of William III. by which we are informed, that the distiller evaded the duties, first by removing his low wines without distilling them into spirits; and, 2dly, by refusing to allow the excise officer to enter his distillery, and thus, by a kind of force, deprived him of the opportunity of surveying his manufactory and stock.

The legislature simply prohibited these misdemeanours under the former, that is, very moderate penalties; and on the establishment of order and good government, it is not probable, that, for a long while at least, similar practices were successfully attempted. This device, of removing the low wines before they were distilled into spirits, had probably suggested to the legislature, the idea of taxing the low wines, as well as the spirits, which they accordingly put in practice. After the distillery regulations had acquired this degree of perfection, there

there was no way of avoiding the duties, but by imitating the practice of the fraudulent brewers, who had deceived the officers, by altering the size, or shifting the situation of their utensils; having concealed pipes, &c. and the same remedies appear, in this case, to have been applied, as will appear, if we examine the distillery laws of the last century *.

If the regulations contained in the laws referred to in the note, are, in any thing, different from those that had formerly been applied to the brewer, it arises from the peculiar (presumptive) manner, in which the distiller was charged with his duties. The only other early distillery regulation, is, in the year 1717, when a certificate is required to accompany British spirits, from place to place; and yet for above half a century, (during which time four additional duties were imposed,) there was extracted from the malt distillery, a revenue continually increasing, till it was over-taxed in 1751 †.

The

* *Viz.* 3d and 4th William and Mary,—8th and 9th William,—and 10th and 11th William III.

† Appendix, No. 7.

The act of the 24th of George II. by which the high duties on low wines and spirits were imposed, contained very few additional regulations ; nor are any new ones enacted, before the prohibition of the distillery in 1757. This inactivity of the legislature, did not arise from any conviction, that the high duties, had destroyed its power over the subject of them ; on the contrary, when the distillery was opened, in the year 1760, our financiers imagined, that by means of fiscal regulations and high penalties, they could either prevent the distillation of spirits in England, or make them a most productive source of revenue. With what justice, this opinion was entertained, will afterwards appear. If we had reason to remark the small number of distillery laws, which were enacted from the revolution, to the year 1751, we shall now be more struck with the number, that have been promulgated, since the year 1760.

Though it was the intention of the legislature, still to discourage the use of spirits, yet it seems they found it expedient to do this, not directly by prohibiting the distillery, but indirectly, by

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means

means of what has been called a *prohibitory duty*. Accordingly, in the year 1760, the distillery was again permitted to be carried on, but subjected to almost double the duties, to which it had formerly been liable. At this time, the re-enacting of the former laws was all that was judged necessary; but as the temptation to smuggle was much greater, the penalty of becoming a distiller, without the legal intimation, was raised from L. 50 to L. 100.

In the year 1762, though the amounts were far below what they had been, previous to the 1751 *, an additional duty still further, it was said, to check the immoderate use of spirits, was imposed.

It had probably been conjectured at this time, that the distillery business was in the hands of small dealers. To rectify this, it was enacted, that no distiller should carry on business, unless his stills in one apartment, contained at least 100 gallons. The person transgressing in this particular, was to forfeit L. 100.

As

* Appendix, No. 8.

As it was the avowed intention of this law, to increase the exportation of home-made spirits, it was judged proper, to allow the distiller for the foreign market, to distil, without paying duty. This prevented him from receiving those allowances, to which spirits exported were formerly entitled, and cut off one source of smuggling. To carry this plan into effect, an absolute separation was made, between the distiller for the home market and the distiller for exportation. As this last was to pay no duty, his work-houses and stock, were kept continually under the lock and key of the revenue officer, who was never to allow the goods to go out of his possession, till they were fairly shipped for exportation, under the usual security. The regulations, under which this process was conducted, were strict and accurate; and fenced with penalties, some of them as high as *L.* 500.

These regulations proving evidently ineffectual to prevent smuggling, the legislature, after an interval of ten years, promulgated a new law, which it was thought could not fail to secure its object. They had formerly locked in the

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distiller,

distiller, for exportation ; they now locked up the utensils of the distiller, for home consumption.

In the year 1772 it was enacted, that distillers, at their own expence, should furnish any kind of locks and fastenings, which the revenue officers should require. These were applied to the doors of the furnaces, the heads of the stills, and to the pumps, and pipes, through which their materials were conveyed to, or discharged from, the stills. The keys of these locks, were in the constant possession of the excise officer, who attended to open and shut them. If any other person opened or damaged them, they were subjected to a penalty of *L.* 200.

In 1774, there was a new set of regulations. They are such, however, as it would be very difficult to understand, without a professional knowledge of the subject. Some new penalties were added, and the stills were required, to contain at least 400 gallons for wash, and 100 gallons for low wines.

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higher penalties. The legislature accordingly, upon this third report, framed,

In 1784, another great distillery law. This law proceeds on the narrative, that the former regulations had proved ineffectual for suppressing smuggling, and it proposes to accomplish that great object by two means, *viz.* by instituting a new mode of charging the duties; and by lowering them,

Formerly the distillery duties were numerous, and charged in certain proportions on the low wines, and on the spirits. These various duties are here repealed, and one simple duty of 5d. *per* gallon on the wash, is imposed.

It may be proper here to remark, that in 1750 the distillery duties were equivalent to about $1\frac{1}{2}\frac{5}{8}$ d. on the gallon of wash. That in the 1752, they were equal to $2\frac{1}{2}\frac{6}{8}$ d.; in the year 1760 to $6\frac{5}{8}$ d. and before this law they were nearly equivalent to $8\frac{1}{2}\frac{5}{8}$ d. on the gallon. It is obvious that by this alteration, the duty was not only lowered, but the officer had a more simple mode of charging
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ing laid before him. Formerly he *presumed*, that for every 100 gallons of wash, the trader should produce 25 gallons of low wines, and 15 gallons of spirits; now, he had nothing to do, but to ascertain the quantity of wash, and charge 5d. *per* gallon, for that quantity.

But though this change simplified the manner, in which the officer kept his books, yet none of the former regulations or penalties were relaxed; the locks and keys on furnaces, stills, wash-batches, pumps, &c. were still retained, and the same surveys, particularly on the stock of the trader, were kept up. These surveys on stock, however, were now more suited to be a check than formerly. The quantity of spirits, which could be drawn from 100 gallons of wash was ascertained, and the officer gave to the trader, credit in his stock, for a quantity of spirits, in proportion to the quantity of wash, for which he paid duty, applying the hydrometer to ascertain the strength of such spirits. By this regulation, the distiller could not send out of his stock by permit, a greater quantity of spirits, than corresponded to the proportion of wash,
for

In 1781, a general law was made for preventing revenue frauds : here the distiller was not forgotten. It had been discovered, that permits were employed for protecting smuggled spirits ; to prevent this abuse of them it was enacted, that permits were to be limited to a certain time, adequate to the distance to which the spirits were to be transported, and beyond that time the permit became useless. Suspicion, it would appear, had at this time, fallen upon the distiller for the foreign market, and he was therefore deprived of the power, of taking any of his spirits out of the warehouse, for home consumption, as he might formerly have done on paying the duties ; he was obliged to produce a certain proportion of spirits, from a given quantity of wash ; the strength of the spirits to be ascertained by the hydrometer. The private distiller was here again introduced. Formerly, a person might have a still under two gallons ; now, every person who should have a still of any description, and in whose possession any materials for distillation should be found, was to be considered as a public distiller, and as such, subjected to all the regulations, and liable to all the penalties

penalties, of a distiller. The former law, prohibiting the buying of spirits from un-entered distillers, was here declared to have been ineffectual, because the penalty for doing so was only *L. 50*. It was therefore raised to *L. 500*; and, if the seller of the spirits should inform on the buyers, this was declared to relieve him of his penalties.

In 1782 a penalty of *L. 200* was laid upon every person who should grant or receive a forged or mutilated permit. This law having had no effect to prevent the abuse of permits, the next session of parliament, brought forth the following regulations :

1st, That permits should be provided of paper, made like a bank bill, with the words *Excise Office* in the substance of the paper; that if any person should be found with frames in his custody, for making such paper, he should suffer death; that every person forging a permit, should be liable to a penalty of *L. 500*; excise officers issuing, and persons receiving, true permits

mits for fraudulent purposes, should be declared felons, and be liable to transportation for seven years.

2dly, That private distillers, on detection, above other penalties, should pay *L.* 30, or be sent to the house of correction for six months, or till the sum should be paid; that on the second offence, they should forfeit *L.* 60, or remain in the house of correction twelve months.

3dly, The public distiller being again suspected of frauds, many new regulations were made for preventing them, which were too numerous and minute, to be here described; I shall just observe, that the legislature condescended even to a particular description, of the manner of making the key of the cocks, for charging and discharging the stills*. If this key should be constructed differently from the directions, given in the act of parliament, the person so constructing it, should forfeit *L.* 100; and if the distiller did not assist the excise officer, to put up a ladder to examine his still, he was to forfeit *L.* 200.

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* See the law, section 18.

All these numerous restrictions and penalties, it was soon found, had no effect to raise the amounts on the excise officers' books, though the consumption of home-made spirits, it was notorious, was more frequent and more liberal than ever.

In 1783, the legislature, justly alarmed at the rapid progress of smuggling, had recourse, as on former occasions, to a committee of the House of Commons, to take the subject into consideration. The reports of this committee, contain a number of striking facts and observations; but it is to be remarked that, in general, the very same system of enquiry and prevention, is adopted by them, that guided the legislature, in more early times, upon the same subject. Their first two reports, contain an accurate account, of the means by which smuggling is carried on, specifying the particular arts and shifts, employed by each class of traders: Their third report, is founded upon the preceding narrative; goes to meet those various shifts and arts, by new regulations, and to prohibit them, by higher and
higher

It was soon known, that these restraints did not prevent smuggling. But as every avenue was now locked up, by which the public distiller could be supposed to commit fraud, suspicion fell upon a class of indigent people, who having nothing to lose, and lured by the gain of smuggling, concealed themselves in hovels, with small stills, from which great quantities of spirits were supposed to be produced, without paying duty.

According, in 1779, there was a law framed, with the express view, of putting a stop to what was called, the private distillery. For this purpose it was declared, first, that every person who used a still, whose capacity was two gallons, was a public distiller, and, as such, liable to all the distillery regulations and penalties. Hence it followed, that a still, whose capacity was above two gallons, and under 400, was to be seized, and the person from whom it was taken, made liable to a penalty of *L.* 200 sterling; to attempt to obstruct the seizing of such a still, was to forfeit *L.* 100. Secondly, no person could by this law be a public distiller, unless he paid poors' rates, occupied a tenement rented at *L.* 10 a year;

year ; he was to pay his duties weekly ; the words *distiller, dealer in spirits, &c.* was to be painted over his door, under the penalty of *L. 100* ; and to complete the whole, any person purchasing spirits from one who was not thus qualified, and declared to be a public distiller, was made liable to the penalty of *L. 50*, and the person selling it, subjected himself to the penalty of *L. 200*.

In order to encourage the zeal and industry of the revenue officers, to discover illegal stills, the commissioners of excise in Scotland gave a premium of 10s. for every illegal still seized by their officers.

In 1780, an additional duty was laid on the distillery, but no additional regulations accompanied it. The commissioners in Scotland, however, issued the strictest directions to their officers, particularly regarding permits, and increased the premiums on the seizure of illegal stills, from 10s. to 15. The stills were to be broken down, and destroyed.

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for which he paid duty. If at any time, a greater quantity than this proportion, was found in the distiller's stock, it was to be seized, &c. Besides this, two permits, instead of one, were to be issued for the transportation of the spirits: one was called the seller's, the other the buyer's permit. No distiller could send out spirits of higher strength, than of one to ten over hydrometer proof; no rectifier, could send spirits out of his stock of greater strength, than of one to ten under hydrometer proof; and spirits found in the hands of dealers above that strength, were to be seized. For the greater security, many other surveying regulations were made, and extended to the distiller for exportation: and as it was supposed, that the indigence of the private distiller, at once tempted him to commit fraud, and screened him from penalties which he could never pay, the occupier or owner of the house, where he was found, was now made liable for the penalties.

In consequence of the reports of the revenue committee, this session also produced an act, against smuggling in general. The preamble of this

this act states, that the laws in force against smuggling, were altogether ineffectual to prevent it ; and that the smuggler, in defiance of all law, repelled force by force, and proceeded to acts of violence against the revenue officer, to the destruction of all order and good government. To remedy these evils, many minute regulations, calculated to meet the manner in which the smuggler carried on his destructive trade, were enacted, and himself made liable to be punished with death, if he should forcibly repell the revenue officer, in the discharge of his duty. By this law also it was enacted, that home-made spirits, seized and forfeited, were not to be sold for the advantage of the seizure-maker, but should be staved and destroyed, and a premium out of a different fund be allowed for making the seizure.

Every thing, we may suppose, that could be done, to prevent the frauds of distillers, had now been tried ; and yet it was notorious, that smuggling still prevailed. In such a situation, it might have been expected, that since the united powers of ingenuity and force, had been unsuccessful,

ful, to restrain the contraband trade, under the present rate of duty, a greater lowering of that rate would have been attempted. Instead of this, however,

In the year 1786, the duty on corn wash, was raised from 5d. to 6d. on the gallon, and a law, containing above seventy sections, and twenty penalties, mostly of *L.* 200, besides forfeitures, was promulgated, for securing the higher duty. As these regulations are very numerous and are of the same kind with those which have been already stated, it is unnecessary to make an abstract of them. As a specimen, we may observe, that by the distillery law 1782, it was required, that the cocks of the discharge pipes, should be rivetted, under the penalty of *L.* 100; but by the 12th section of this law, if they were rivetted, the distiller was to forfeit *L.* 50.

There are many other regulations in the distillery laws which are not mentioned in this abstract. A sufficient number, however, has been stated to satisfy the reader, that nothing has been left undone by the legislature, to prevent smuggling;

gling ; to detect it when it was committed ; and to punish the smuggler when he could be discovered.

I shall be excused for not being more copious, in a detail, which may already have appeared sufficiently minute and uninteresting ; I shall therefore just glance at the effects, which these exertions have had on smuggling ; and conclude the chapter, with a few general reflections, suggested by the preceding narrative.

S E C T. VI.

Of the Effects of these Regulations on Smuggling.

BEFORE the revolution, when duties were moderate, when they were under farm ; and more particularly, after the excise was under the management

management of commissioners, (from 1684 to 1695), a growing revenue was collected, under the operation of fiscal regulations *.

Since that period, great improvements have been made in the art of surveying. Many new restrictions, prohibitions, and penalties, have been imposed ; and yet there is now more smuggling carried on, than when the revenue laws were much less perfect. In particular, we may remark, that the smuggling which prevailed in the distillery, in the early periods of its history, was effectually checked, by the accurate regulations of 1st William and Mary, and the few laws respecting it, which took place between that time and the year 1751. But after the year 1760, though the legislature condescends to take notice of every particular shifting trick, by which the distiller had eluded the duties, and prohibits them, under the severest penalties, yet we see that these prohibitions were as ineffectual to secure the duties, as to check an immoderate use of the spirits †. Even after the distiller was locked up, from the

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* Appendix, No. 1.

† See Revenue Committee's 1st Report.

use of his own utensils, by which alone he could produce the article, and after revenue officers had been multiplied, to be a check, not only on the trader, but on each other, yet we still find the evil more prevalent and destructive than ever. In this situation, we cannot help suspecting, that the great gains of the fraudulent trader, enabled him to institute a system of corruption which nothing could resist, and that those admirable means for preventing smuggling, were not only defeated, but converted into the protection and encouragement of that very evil, which they were intended to destroy.

The revenue committee indeed, give their unequivocal testimony to facts, which established this truth. They tell us, that at one place, the excise officers' books exhibited only 3000 tuns of spirits which had paid duty; when from it, no less than 19,000 tuns had been sent, under the protection of regular permits, in one year*.

Were a stranger to consult our revenue code; did he remark the regulations, restrictions, and checks

* See 2d. Report of Revenue Committee, p. 9.

checks under which the distiller in this country is laid, did he observe the many confiscations, fines, imprisonments, and deaths, which resound from one statute to another; he would surely conclude, that an English distiller, must be one of the poorest and most oppressed men of the nation. But he has only to turn from the statute book, and look on the distiller, to entertain very different sentiments. He may see some of them sitting at their ease, and defrauding the nation without fear. They not only defeat the numerous checks which have been put on them, but convert them into their security. And they not only circulate the spirits they have thus smuggled, notwithstanding permits, but by means of that very instrument, by which the legislature meant to prevent their circulation.

But the prevalence of smuggling, in spite of all the efforts, which have been used to prevent it, requires no particular illustration, in this place. Every body knows that foreign spirits, tea, tobacco, &c. are prohibited to be landed or circulated through the country, without paying the duties, under the severest penalties: that to

prevent smuggling, cruizers have been dispatched by the revenue boards ; assistance has been procured from the admiralty ; the revenue officers, both of customs and excise, have been armed the military put under their direction : in one word, that the wisdom of the legislature, and the whole executive power of government, have in vain been exerted, to put a stop to the contraband trade *. To mention but one instance, we have the mortification to find, that while we legally import 800,000 gallons of foreign spirits, above 4,000,000 of gallons are annually smuggled on the coasts, and consumed by the inhabitants of these kingdoms.

* Revenue Committee's 1st Report.

S E C T. VII.

Reflections.

WE shall conclude this historical part with a few general remarks ; and,

1st, We may observe, from the preceding detail, that the means originally employed to suppress smuggling, have naturally led the legislature into the present system. When smuggling was first discovered in the excise, and the cause of it sought after, the revenue officer described it, as consisting in the arts or shifts, by which the trader evaded his duties. The supposed cure of smuggling sprung from this description. The legislature imagined, that by prohibiting those shifts, as they occurred, they could exhaust them; and that by increasing the power of the officer to detect frauds, and the penalties under which they were prohibited, they could at last, effectually

tually prevent them. This opinion, formed in a very early period, and continually confirmed in the routine of publick business, may be traced, as the principle, of the prohibitory part, of every revenue statute, from the revolution down to the present moment. But this opinion would, in all probability, have been attended with no bad consequences to the revenue, had it not been accompanied with the belief, that the power of instituting new regulations, and higher penalties, gave the legislature the power also, of successfully taxing, any commodity indefinitely. This last opinion, joined with other false principles, have led the legislature into the general practice, of attempting to augment the revenue, by laying one additional impost on a commodity of another. It is only necessary to look into the book of rates, to be convinced of this. There are at present seven duties on ale, six duties on malt, nine duties on foreign spirits, and as many on the distillery* ; and we frequently find, that the law imposing such additional duties, accompanies them, with additional restrictions, and higher penalties, to counteract the

* This chapter was written before the Consolidation Act.

the supposed greater temptation, which these duties would give to smuggling. In this way, the legislature have been insensibly led, to over-tax almost every article, so that they are now obliged, to attempt to force a revenue, from a number of over-taxed commodities; and have finally involved themselves, in what I have called *the over-tax system*.

2dly, We may observe, that the revenue laws are characterized, by the rate of duty they are intended to secure. When the duties are moderate, the regulations to secure them are few, the penalties low, the long continuance of the statute marks that, in some degree, it is effectual for the purpose, for which it was framed. But when an article is over-taxed, the laws relating to it soon assume a different character; more complicated regulations are required, and higher penalties are judged necessary: these are soon found insufficient, and additional checks are invented. These checks are counterfeited; and the daring offenders must be punished by higher penalties; imprisonments, banishments, labour, death. But this severity of the laws unstrings them.

them. The justices of peace, and country gentlemen, who were the guardians and executors of the old revenue laws, will not be concerned in executing the new ones. It is the subject of complaint, and mentioned as one cause of the prevalence of smuggling, that the justices of peace show too great lenity in applying the law *. Indeed to evade a revenue law, is no longer a disgrace. It is not a low art, but a science; and by it many men, of property and influence, have accumulated fortunes. No sooner is a revenue law published, but counsel are ready to give their advice how it may be evaded; and I believe it is now well understood, that if the rate of the duties shall afford a sufficient temptation, the trader can always find means to avoid the payment of them. It must be mortifying, to every lover of this country, to see the solemn acts of the British senate, not only disregarded with impunity, but held up to the contempt and ridicule of the people †, to whom all its statutes should be dear and venerable. That practice must be bad indeed, which has insensibly led the legislature into a system,
ruinous

* Committee's 2d Report.

† See Mr. Burke's Speech.

ruinous in all its tendencies, whether we regard it in a moral, political, or fiscal view. It is only the last of these views of the subject which we are now taking; and enough has been said to shew, that high duties, rigorous laws, and increase of smuggling, have been hitherto inseparably connected, in the fiscal history of this country. It has been so in the cases of ale, foreign spirits, tea, tobacco, and British spirits; and we venture to affirm, that it will invariably be the case, with regard to every article, while it is over-taxed. This is, and has been, the opinion of every sensible man, who has had sufficient opportunities to understand the subject, and has really attended to it; and yet, by a kind of fatality, for which it is not easy to account, the practice of every successive minister and parliament has been the same. Even committees of the House of Commons, appointed for the special purpose of examining into this subject, though they have expressed similar sentiments, yet they have declared them with a faltering voice, as if they scarcely believed them; and in the moment when they said, that the true cure * of the numerous evils, arising from

* Revenue Committee's 3d. Report.

from smuggling, was to be found in the reduction of duties, additional duties have been laid on; and the cures which have been suggested, have only been the stale repetition of those restrictions and penalties, which without effect, have been tried over and over again.

3dly, As defects in fiscal regulations and government, rendered it very difficult, to secure moderate duties in early times, so immoderate duties, have rendered it impossible, for the strictest laws, or most regular government, to put a stop to the smuggling of the present times. At first, the second defect was in the government or the law; now it is in the duties. In the early periods, a reformation of the law, and execution of it, were required. But the power of the law has been estimated at too high a rate. In attempts to secure immoderate duties, the law, by being made too strict, at least too severe, has lost its effect; and now we require moderate duties, which, admitting of moderate laws to make them effectual, will bring back our revenue code, to what is consistent with the genuine spirit of the constitution.

C H A P.

C H A P. III.

*Of the erroneous Opinions which flow from, or are
the Causes of Over-taxing.*

Introduction to the Chapter.

IT would not be easy to enumerate all the evils, which a state labours under, when it extracts its revenue from over-taxed articles. The tendencies of this situation are ruinous, both in a moral and political view. But apart from these, *the over-taxed system* is accompanied with this aggravation, that it justifies itself; and when we are once engaged in it, it presents us with facts and appearances which create or confirm prejudices, and prevent solid improvements from being adopted. It is the object of this chapter to explain and refute, the false principles, which more immediately spring from, or are the causes of the improper manner, in which the business of taxation has been hitherto conducted.

S E C T.

S E C T. I.

Of Price, as related to this Subject.

BY price, two things may be meant; 1st, The price at which a commodity would be sold, if there was no tax upon it: this may be called its *natural price*. 2d, This natural price, with the tax added to it, may be called its *fiscal* or *revenue price*. If we suppose,

1st, That a tax is so judiciously laid on, that smuggling cannot prevail; then the commodity on which it is imposed must be sold at its fiscal price.

2dly, If a commodity is just so much over-taxed, as to render it profitable (and not much more than profitable) for the manufacturer or merchant to evade the tax, smuggling may prevail; but the commodity must be sold at, or nearly at, its fiscal price. But,

3dly,

3dly, If a commodity is so much over-taxed, that the dealer, can not only defray the expence and risk of smuggling, out of his savings on the tax, but shall have a great profit besides, that profit (in consequence of rivalship, to quicken sales, and for other reasons) will soon be reduced, to what is an adequate compensation, for carrying on the contraband trade: the surplus will be sold below its fiscal price.

S E C T. II.

Of the Merchant and Manufacturer.

IN all over-taxed articles, we may conceive the business to be carried on, by three classes of traders. The fair dealer, who pays full duties. The trader, who smuggles a part, and pays
duties

duties for a part, of the commodity in which he deals ; he may be called *the partial smuggler*. And he who pays no duties at all, and who may be called, *the mere smuggler*.

S E C T. III.

Of the partial Smuggler.

THE partial smuggler is a trader, who pays duty for a part, and smuggles a part, of the articles in which he deals. It is the same thing, whether we have in our eye, a merchant who imports a foreign article, or a manufacturer preparing a domestick one for the market.

Let us suppose a manufacturer, who pays a duty on a commodity of *L. 40. per tun.* Perhaps he can prepare one or two tuns in the day, and with the connivance of the excise officer,

officer, smuggle two tuns in the week, in such a way, as it shall be next to impossible that he should be detected. By this, he would save *L. 80* a week out of his duties; but perhaps it may cost him *L. 40* to smuggle with safety: to keep his servants faithful; to silence or hoodwink the officer; and to provide for other contingencies. But even in this case, he would save *L. 2080* a year. This sum alone is a great profit, were he to make no other on his business; and at any rate, it would enable him greatly to undersell all his rivals in the trade, if they either did not smuggle at all, or were more liable to detection or prosecution than himself. The high rate of duty therefore, would be advantageous to such a trader, both as a source of gain, and as affording him the means, of driving his competitors from the market. It is evident, he would be a loser by a great reduction of the duty: if we shall suppose the duties to be lowered to *L. 10 per tun*, and that he shall continue to smuggle two tuns, and divide the saving as before, this would only bring him a profit of *L. 10* to himself, and leave him *L. 10* for the purposes of evading the tax. This low rate of duty, therefore, while it held out a much less temptation to smuggle, would, at the same time, cut him off from

from the chief means, by which he might secure himself from detection, in the commission of fraud. If *L.* 40 was required for corruption and secrecy, *L.* 10 would be altogether inadequate for those purposes. It would require him to smuggle four times more, to have the same gain in this case, as in the former; while his risk would thereby be increased, and the payment of his labourers would be less liberal. It is clear then, that a high rate of duty, is favourable to such traders, and that if consulted by a financier, it is their interest to prevent any great diminution of it.

An opinion from a dealer, which tends to keep up, or add to the rate of those very duties, which himself is to advance, is fondly listened to, as highly candid and liberal; nor is it difficult for such a dealer, to find out some commercial reason, to justify his advice, and thereby to conceal the real motive which dictated it.

Thus it may often be the interest of great traders, to justify and support a system, whence they at once derive, a great part of their profits, and the command of the market.

S E C T.

S E C T. IV.

Of Revenue Officers, when Articles are over-taxed.

SMUGGLING is necessarily connected with over-taxing. But where it prevails, the gains of the revenue officers, arise chiefly, either from seizures or bribes. If an officer is bribed, it is clear, (from what has been said in the preceding section), that his interest is the same, with the interest of the trader, in whose pay he is.

But it is common, in the system hitherto pursued, to encourage the revenue officer to suppress smuggling, not by rendering him independent of it, but by rewarding him for detecting frauds and making seizures. These encouragements are supposed necessary, to stimulate his activity, and to secure his integrity; and in many situations,

ons, his moiety of fines and feizures, constitute his chief emolument. But as this emolument is always proportioned to the goods feized, or to the frauds discovered, it is as much the interest of the officer, that there should be goods to feize, and frauds to discover, as that they should be feized or discovered; and though it is his interest to make feizures, it is equally so that smuggling, the source of these feizures, should not altogether be cut off. But this would be done by the reduction of duties, which therefore would never advise, if he understood his interest, and was willing to promote it, at the expence of his country.

But though over-taxing naturally produces corrupt officers, and though their corruption and their interest naturally lead them to be the props and supporters of high duties, yet I am far from insinuating, that the opinions they have given respecting taxes, have generally flowed from corrupt principles. It is natural, to consult revenue officers, concerning the means of rendering taxes effectual; and not only their interest and general prejudices, but their peculiar habits, disqualify them from forming sound opinions.

opinions. The more intelligent of them, who know the smuggling arts of the traders, and the legal routine, by which smuggling has hitherto been attempted to be suppressed, when a new fraud is mentioned, immediately think of meeting it by new regulations, and of prohibiting it by higher penalties. Such, have all along, been the weapons of their warfare; and when we reflect, that they have been in the constant practice of studying laws, whose only aim is to prevent frauds, by merely instituting checks, and denouncing punishments; we shall not be surpris'd, to find them more attentive, to frame a law to punish a fraud, than to prevent it, and more anxious about laying a trap to catch an offender, than to institute a reformation, which might effectually prevent the offence from being committed.

S E C T. V.

Of the mere Smuggler.

LET our attention be now limited to the *fair* trader and the *mere* smuggler.

If we suppose the natural price of proof brandy, when brought to this country to be 2s. *per* gallon, and the duty 10s. this would make the fiscal price 12s. *per* gallon. But if the mere smuggler could sell his brandy, on the shores of these kingdoms, at 4s. 6d. *per* gallon; this would be 7s. 6d. below the fiscal price. This last sum, (for want of a better name), I beg leave to call, *the excess of the tax.*

On the supposition now made, it is evident, that no addition to the tax, will raise the price, at which the mere smuggler can afford to sell his brandy;

brandy; and no diminution of the tax, short of its *excess*, will enable the fair trader to undersell him. But unless this is done; unless the smuggler, be thus obliged, to sell his brandy, below what (as a smuggler) he can afford to sell it, nothing else can prevent him from supplying the market. It is true indeed, that the more the *excess* of the tax is reduced, it brings the price of brandy, as sold by the fair trader, more nearly on a level, with the price, at which the smuggler can sell it; but if the smuggler could secure his market, and if the natural price of brandy was 2s. *per* gallon, it is clear that a duty of only 2s. 6d. *per* gallon, would be a sufficient temptation for him to persevere in smuggling, other circumstances remaining the same.

It follows, that the addition of three 5 *per cents*, or taking them off, or indeed any other addition to, or subtraction from, the rate of the duties, short of the *excess* of them, could have little or no influence on the business of the mere smuggler.

S E C T. VI.

An Apology for Financiers.

AS there is always a certain number of the people, who from principle or situation, cannot or will not smuggle, so there are fair traders, corresponding to the demand, which such consumers create. Supposing this demand for brandy to be 800,000 gallons. This quantity at 10s. *per* gallon, would yield a gross revenue of L. 400,000 *per annum*. Were the demand to continue, it is evident, that the addition of 1s. *per* gallon, would yield L. 10 *per cent* on this sum, and that taking a shilling or two from the rate of the tax, would be, (as it has often been found in experience to be) so much dead loss to government.

It

It is no wonder then, that men who conduct the public revenue, should be directed by a fact, so evident in itself, and so often confirmed by repeated experience ; that under the influence of it, they should keep the duties as they are, or when they want money, that they should raise it, by additional imposts, notwithstanding the disadvantages attending high duties. These disadvantages have long been complained of ; they will remain nearly the same, whether additional duties are laid on or not ; and additional imposts, are, in general, the least obnoxious. Financiers are told indeed, and they must allow it, “ That high duties are the cause of smuggling ;” they may suppose it probable, that the revenue would rise, in consequence of a reduction of duties. But in experience they have found, that the amount of revenue rises and falls with the rate of the duties ; and as men of business, answerable for the public prosperity, they must be directed, in practice, not by speculative opinions, but by facts, which they have felt and known.

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This apparent opposition, between a plain truth and experience, springs from the excess of taxation: They are both well founded, though they lead to opposite conclusions. A due attention to the circumstances we have already noticed, will enable us to explain and reconcile them.

Supposing 5,000,000 of gallons of foreign spirits, consumed in this country, under a duty of 1s. *per* gallon, this would produce L. 250,000. If the duty were only 6d. it would produce half the sum : if it were 2s. it would probably yield L. 500,000 *per annum* ; and thus the amount of the revenue (as far as it depends on taxes) would rise and fall, with the rate of the duty. But this would only be the case, while the financier kept that rate, within the point of over-taxation. If he should pass the proper boundary ; call his tax 4s. *per* gallon, and suppose, that in consequence of the articles being over-taxed, the business were (as it now really is) principally in the hands of the smuggler, the quantity legally imported would fall. If it should fall to 800,000 gallons, this quantity, at 4s. *per* gallon, would be only
L. 160,000,

L. 160,000, instead of half a million, which the tax produced when it was at 2s.

But after the over-taxation has taken place, and the business, in consequence of it, is settled between the fair trader and the smuggler, then appearances of the very same kind, with those which took place before the article was over-taxed, will be exhibited on the face of the revenue accounts : add to the rate of the tax, and you will raise the money amounts ; subtract from the tax, and you will lower them ; unless we pass below the point of over-taxation, so as to cut off the smuggler, and then, indeed, the augmentation of quantity, would again come in, to supply the loss we sustained in point of rate.

Thus we see, that revenue accounts, exhibit nearly the same aspects, when commodities are over-taxed, and when they are under-taxed ; and that no remarkable fiscal changes take place on them, but at, or about the time, when the rate of duties rise above, or sink below, the line of over-taxation.

For

For this reason, it seems sufficiently obvious, that the revenue accounts of an over-taxed system, (though useful to shew the produce of the taxes,) will furnish few or no facts, that can instruct us, in the business of taxation. On the contrary, as they exhibit facts, of the same kind, with those adhering to a revenue, arising from articles moderately taxed, they rather tend to embarrass the subject, and are continually supporting the erroneous opinions, which they have once suggested. Financiers, however, seem to think, that useful information, may be derived from them only ; and they are accordingly called for, and studied with the strictest attention. It is therefore proper, to make a few observations, which may tend to shake that confidence, which is so generally posed in them.

S E C T.

S E C T. VII.

Of the Fiscal Information to be derived from the Revenue Accounts of over-taxed Articles.

WHERE little or no smuggling is carried on, revenue accounts give a true statement, of the quantities of taxed articles. When the quantity suddenly falls on such accounts, either some natural, political, or commercial reason, may be given for it, or there is ground to suspect, that the trade, in consequence of over-taxation, has fallen into the hands of the smuggler. In this situation, therefore, revenue accounts are of the greatest use, as an index to the state of the trade, or as an alarm to government, to avoid, or correct, over-taxing. Accordingly, when a great fall takes place, on revenue accounts, it should incite an accurate investigation, respecting its cause. If it arises from any circumstance, independent

dependent of the rate of the tax, and which it is not in the power of the legislature to remedy, government ought patiently to wait the removal of the cause, before they expect a rise in the amounts. If it appears, that it is the smuggler who is supplying the market, it is their duty to procure, a new fiscal history of the article, that they may so modify the tax, as to bring it within the power of fiscal regulations to secure the duties, and to cut off the smuggler. In this way, accounts of an article, when the tax is moderate, are highly useful; but the mere accounts of *the over-taxed system*, though they may afford some profitable information, generally do more harm than good. This will be evident from the following observations..

1st, We remark, that it is common and natural for financiers and revenue officers, to attribute the rise that often takes place, on revenue accounts, to the power of fiscal regulations, and their active exertions to suppress smuggling, after they have in fact lost all power over the taxed commodity; and when of consequence, the
strictness

strictness of the regulations, and the activity of the officer, have had little if any effect in producing it. I shall mention only one example.

After the year 1760, the Scots distillery amounts fell from 4 or 500,000 gallons of spirits, to 40 or 50,000 gallons annually. About the year 1778 they began to rise; and in the year 1782, got so high as to be above 260,000 gallons of proof spirits in the year*. The commissioners of excise had been very active, in instituting checks on the various traders, and just about that time, had granted a premium to their officers, for seizing illegal stills. The Scotch commissioners conceived, that this last regulation, had produced a very considerable check to smuggling, and that there was no increase of smuggling in the revenue under their management†. Upon enquiry, however, it was found, that in fact, there had been more smuggling at this time in the distillery, than ever Scotland had before experienced: that the rise of the amounts in 1778-9, &c. was not owing to the premiums for seizing illegal stills, but

* Appendix, No. 10.

† See Revenue Committee's 2d Report, p. 5.

but to the Scotch distiller, who had found access to the English market ; and that when the quantity of spirits sent to England, was deducted from the gross amount, of what appeared on the excise books, very little, and in some years, nothing at all remained, for the consumption of the whole country of Scotland.

I mean not by this remark, to depreciate well-concerted revenue laws, or the active exertions of revenue officers. They are both of the last importance to the public. When properly directed, they will prevent an article from being over-taxed, that would otherwise be so ; and they will, no doubt, secure a greater proportion of the duty, from an over-taxed article, than could otherwise be procured. But as under *the over-tax system*, new laws are continually promulgating, which produce new regulations, we should be very cautious, when we see a sudden rise of amounts, in attributing this rise, to the fiscal regulations which have been adopted. For if they have not produced it, both the revenue officers, and the financiers are deceived. They believe themselves successful, in resisting the efforts of the smuggler, when

when he, perhaps, is enabled to carry on his illegal traffic, with more than his usual advantages.

2dly, As high duties are said, and justly said, to diminish the (quantity) amounts on the revenue books, it has been imagined, and indeed taken for granted, in fiscal reasonings, that slight variations on the rates of duties, will affect revenue amounts, even after the rate of duties, has gone far beyond the point of over-taxation.

It is evidently under the influence of this idea, that the London distillers, presented their petition, to the house of commons, in the year 1783; that the commissioners of excise, reported upon that petition; and that the revenue committee proceeded, in their investigations and reasonings. A principle so universally admitted, upon which conclusions of the greatest magnitude have been formed, and which seems to be the basis, of the imperfect attempts, which have hitherto been made, to reform our taxes, calls for the most mature, and deliberate consideration.

I have

I have already stated, what I conceive to be the abstract doctrine on this subject*; and am now only to notice the errors which prevail respecting it, as these errors are created, or supported, by the revenue accounts of *the over-tax system*.

The distillers, in their petition above referred to, complain, that the distillery was over-taxed; and in particular, that the great fall in the distillery amounts, which took place in the year 1783, was owing to the additional imposts of 1779, 80, 81 and 82*.

The commissioners in their report, state, That for the four years preceding mid-summer 1782, the quantity of corn spirits was greater, than in any four years, for twenty years preceding; and yet they corroborate, what is stated in the petition, and admit, that the late additional imposts, did not take full effect till the year 1783, when the amounts fell†.

From

* See before, Sect. 5.

* See Appendix, No. 15.

† See Appendix, No. 16.

From reading these two papers, no person will be able to form any just opinions on the subject. He may indeed see, that the distillery amounts, both rose and fell, after the laying on of these additional imposts. They rose, on an average of four years, ending 1782; and they fell, still more remarkably, in the year 1783. But though this fall is attributed to the three *5 per cent.* duties, both by the distillers and commissioners, yet I am now to shew, that it was not owing to these duties, but that it arose from a more general cause, which operated a similar effect, where duties have no room to operate.

The district of Ferrintosh in Scotland, was, in consequence of an old grant, freed from the duties of excise on ale and spirits, on paying a small composition. The excise officers, however, surveyed the district; and as there were no duties to be levied, in consequence of their surveys, we have every reason to suppose, that the amounts were accurately returned. In an appendix to the second report of the revenue committee, we are furnished with an account of the distillery of that district for twenty years, from 1763 to 1783 inclusive*.

clusive*. In this account, we may remark, facts of the very same complexion, with those mentioned in the petition and report, already quoted. Here (where there was no operation of duties) the average amounts, of the four years preceding 1782, are higher than in any similar period, from the 1763. And in the 1783, the amount fell, to 67,000 gallons of spirits, from above 110,000 and 120,000 gallons, exhibited in each of the three immediately preceding years.

The Scots distillery accounts, present us with the same aspect. The amounts in the 1783 fell to 180,000 gallons, from 260,000†.

We see then, that this rise and fall, in the distillery amounts, was general, and had no connection with the additional imposts. The rise was owing, to the favourable seasons of 1779 and 1781; and the great fall in 1783, to the very scanty crop of 1782. The truth is, that while a commodity is over-taxed, it is vain to seek for
information,

* See Appendix of this Book, N^o. 17.

† See Appendix, N^o. 10.

information, respecting taxation, from the rise and fall of its amounts. Smuggling in this situation, naturally goes on, in a certain proportion, which will not be affected, by almost any addition to, or slight reduction of, the rate of the tax. Foreign circumstances, however, will still continue to operate, in raising or depressing the amounts, just as they would have done, supposing there had been no tax at all upon the commodity.

Accordingly, it may have been observed, that in the preceding short history of taxed articles *, no notice was taken, of the amounts of articles, after they came to be over-taxed. When they are in this situation, we shall often find amounts rise, immediately after additional duties are imposed, and fall, after part of the duties are taken off. But attention to such events, while the article remains over-taxed, only tends to render the subject obscure, and to deceive the public; such limited information, suggests opposite conclusions; we are soon bewildered; the light furnished by such accounts,

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is

* Chapter. I.

is like an *ignis fatuus*, whose occasional glimmerings, leave us more in the dark than we were before.

It was under the influence of this prejudice, however, and upon such information, that the revenue committee proceeded, to investigate the subject of taxation †. They went no further back than the year 1770. They ordered accounts, of the variation of the duties, which had taken place from that time, with revenue amounts for two periods ; and a comparison of these accounts forms the basis of a great part of their fiscal reasonings. But such slight variations of the rate of duties, could have little or no effect, on the amounts of these periods, and were incompetent to throw light upon the subject. Even the variations on wine, considerable as they may appear, ought not to have been founded on. Wine is as certainly over-taxed at L. 66, as at L. 91 ; at L. 29, as at L. 45 *per tun* ; and though the quantity of wines, on the customhouse books, in the four years ending

1773,

† See their three Reports, and their Appendixes, dated 1783, and 1784.

1773, be on the whole greater, than in the four years ending 1782, yet it is too trifling, to be attributed to the increased rate of the duty for the last period. In all probability, the same fact would have occurred, though the duties had continued as in the 1773.

But the committee take no notice of amounts, when they rise, in opposition to additional duties. The appendix, No. 5, to their first report, is an account of great moment *. It chiefly relates to malt, foreign and British spirits, for three years, ending 1775, and for three years ending 1782. The rate of the duties, on all these articles, was increased very considerably, from the 1775 to the 1782 ; and yet the gross amount for the last period, is much greater than for the former period, when the duties were lower. This fact, they do not attempt to account for, though it is subversive of the principle, which evidently dictated their plan of investigation. From this fact indeed, they draw consolation, but it is a consolation no way connected with the subject of taxation. For they immediately

* See Appendix of this Book, No. 18.

ately complain, of the encrease of smuggling, in those very articles, which compose the account, and resolve, that with regard even to them, illicit practices “ had increased, and were increasing, in an alarming degree *.”

Is it so then, that smuggling often prevails most, where the revenue amounts are highest? Do we find the reasonings of revenue officers inconclusive and uncertain? Are we liable to be misled by the plausible reasonings of the manufacturer or merchant? Are revenue accounts incompetent, to give us solid information? Do amounts rise, after additional duties have been imposed? And do they sometimes fall, after duties have been lowered, perhaps with the intention of raising them? And amidst all these jarring and contradictory circumstances, do we find men of the first talents, not even attempting to explain them, but passing them over with little observation, and still persevering in prejudices which have been long established? In such a situation, we need not wonder, that we have neither clear ideas, nor decided opinions. That,

overcome

* Revenue Committee's 1st Report.

overcome by the force of example; pressed by the necessities of the state; and seeing no other plan upon which it could act, the legislature should adhere to the old system, though pregnant with consequences, “pernicious to the
“manners of the people; repugnant to all
“good government; and which threatens the
“destruction of that very revenue, which it is
“its object to secure *.”

But the false appearances, exhibited by this erroneous system, are not the only causes of our perseverance in it. The more general causes, which originally seduced us into that system, still continue to operate the same effect, with regard to articles, not already over-taxed, and to rivet us in our error, with regard to those which have already been so. These causes may be referred, to the false opinions which have sprung, from considering only the *ends* of taxation, and from the supposed consequences, of extending taxes to new subjects.

* Revenue Committee's 1st Report.

S E C T. VIII.

Of the Ends of Taxing.

THOUGH nothing can be more natural, and proper, than to have a steady eye upon the end we have in view, when we lay on taxes, yet we may be so much engrossed, by the desire of securing our purpose, as to neglect the best means of attaining it. This error, has been one great cause, of seducing financiers into *the over-tax system.*

Taxes have been imposed for three different purposes,

1st, To restrain the use of a commodity, on account of its pernicious consequences; as of ~~a~~ndent spirits on the health and morals of the people: this may be called *a political tax.*

2dly,

2dly, To give one commodity the advantage of another in point of price, for the purpose of favouring particular societies, and nations, with a view of regulating, or directing, the current of commerce. We have examples of this, in the duties imposed on the wine of Portugal, compared with the duties levied on French wines ; in higher duties on foreign brandy, than on the rum of the British plantations ; and in the taxes laid on foreign linen, while we have no duties on the linen of our own country. These may be called *commercial taxes*.

3dly, Taxes have been imposed, with the sole view, of producing a revenue to the state. We have examples of these in most of our domestick taxes, as on ale, malt, &c. and these may be called *revenue taxes*.

S E C T.

S E C T. IX.

Of Political Taxes.

WHEN a tax is laid on, merely or principally, for a political purpose, it is easy to impose a duty, which, when added to the natural price of the article, will raise its fiscal price, to any given sum. Any rate of duty, if high enough, will be readily adopted; and if we are anxiously set against the use of the article, we shall judge, that the higher the tax be, so much the more effectual it will prove, to prevent the immoderate use of the commodity, whose consumption it was intended to restrain.

But taxes, imposed under such ideas, are seldom effectual. The high duties on the English distillery, did not restrain their immoderate use. The gin act, it is true, had a decided effect; but it is to be observed, that it did not operate by
means

means of a high rate of duty on the article, but by a personal tax on the retailers, which they could not evade, because they were under the immediate, and close inspection, of a numerous, zealous, and active magistracy. In the year 1757, the distillery was altogether prohibited; from its being so long an object of police rather than revenue, the taste of the lower ranks had been in some degree corrected. And the idea of the very high duty, under which the distillery was permitted in the 1760, joined to the effectual check, which the use of it had lately received, kept the lower ranks, for some time at least, from supposing, that it could be procured so easily, as before the passing of the gin act.

On the other hand, the legislature supposed, that by laying a heavy duty on British spirits, one of two things would necessarily follow. Either that the commodity, would continue not to be so much used, on account of the high price, to which the tax would raise it; or, that if the people did return to the use of it, it would bring a great revenue into the exchequer. But we have found, by an experience, I had almost

most called *fatal*, that neither of these consequences have followed. By over-taxing the distillery, the use of it is not less prevalent than it would be, under a proper tax: and to the other mischiefs, attending that destructive beverage, we have it of a worse quality, and have introduced smuggling, to hasten that corruption, which the high rate of the duty was meant to prevent.

S E C T. X.

Of Commercial Taxes.

THE same thing happens, when commercial views alone have dictated a tax. We will have rum consumed in preference to brandy, though the people prefer brandy for many purposes; though the expence of importing rum, is much greater, than the expence of importing brandy; and

and though rum, is under a kind of monopoly, and there is no monopoly in brandy. To attain this end, we lay taxes on brandy, which added to its natural price, raises its fiscal price, considerably above the selling price of rum. In short, we over-tax it. The consequence is, that there is at least five times more foreign spirits, used in this country, than pays duty; the quantity consumed, is probably as great, as it would be, under a moderate tax; the rum market, therefore, is not extended, by the high duty on brandy; smuggling is encouraged; the revenue diminished; and the state oppressed.

I acknowledge, indeed, that when a commodity can be produced at home, at a rate nearly equal, to what foreigners can afford it, and in quantities, sufficient to serve our own market, and when the state of the trade, prevents it from being under a monopoly, a tax, at random, may be imposed on the foreign article, to give the preference to our own manufactures. Thus with regard to some species of linen, any duty, even the highest, may be imposed on its importation. The duty will operate as a prohibition, which

which will be submitted to, because the state of our own manufacture, is such, as amply to supply our home consumption, at so moderate a price, as to hold out no temptation to smuggling. But change the circumstances of the case; let the demand and price rise, so as to call for a foreign supply, and then the legislature, must indeed be cautious, what rate of duty they lay upon the importation of the article; because if it shall be too high, it will soon be found, that all the objects of the tax will be defeated.

S E C T. XI.

Of Revenue Taxes.

SIMILAR effects will in all probability follow, when a financier, in laying on a tax, for the mere purpose, of raising a revenue, has his mind solely, or chiefly occupied, by the sum wanted for the exigencies of the state. It has been said, “The tax is indeed high, but it is necessary it should be so high, to produce the sum that is wanted.”

But

But though this is the end, for which the tax is imposed, yet other, and very different reasons ought to be given, for the *quantum* of it. The wants of the state, may equally justify a very high, or a low rate of duty, and can therefore furnish no fixed principles, by which we may be prevented from over-taxing a commodity. But if we over-tax, we shall certainly be involved, in all the mischiefs, naturally attending, on this pernicious error.

S E C T. XII.

A Reason for laying on Additional Duties.

THE legislature has sometimes been induced, to prefer an additional, to a new tax, that the “financier might be sure of his calculation.”

Nothing can appear more plausible, than to say, that if 4d. on the *lib.* or gallon yields *L.* 10,000; 6d. would yield *L.* 15,000. But it is equally obvious, that if this principle, is allowed to predominate, and is not regulated, by a just estimate, of what the commodity is capable of bearing, it must lead to an over-tax on the article; and in this case, the additional tax, will

go back, to diminish the amount of the old duty, on which the computation was founded.

Conclusion of the Chapter.

We see then, that the delusions of the *over-tax system*, joined to the reasonings with regard to duties, which are dictated, by the ends we have in view in taxing, have misled our financiers; and still unite, to confirm them in errors, destructive of the best interests of revenue.

I have avoided a multiplicity of examples, because the doctrine on this subject is, in itself, sufficiently plain, and will be justified, in the recollection of every reader, who is familiar with the reasonings, which have prevailed in the House of Commons, when opposing taxes. It will afterwards more fully appear, that in laying on a tax, every consideration shall give way, to this single question, what rate of duty is the commodity capable of bearing? The answer to this, when truly given, points out the limits of the power, which taxation can give to mankind, in regulating commerce, restraining the use of any article, or in rendering it with ease, and safety, subservient to the purposes of revenue.

A N
E N Q U I R Y
I N T O T H E
P R I N C I P L E S O F T A X A T I O N.

B O O K I I.

C O N S I S T I N G O F T H R E E E N Q U I R I E S.

Introduction to the Book.

HAVING thus considered *the over-tax system*, we might now direct our attention, to those leading circumstances which would enable us to see taxes in their true light, and to lay them on, so as to procure an adequate revenue, unattended, in a great measure, with those expensive and corrupting effects, which have so universally followed, the destructive practice we have just reviewed.

I

But

But I am aware, that in this stage of our progress, it will be proper, to consider some prevailing opinions, which, perhaps, now fill the mind of the reader, with prejudices, against what has already been suggested, and would probably fortify him, against what is still to be advanced on the subject.

We have seen, that our taxes are too high ; and that financiers, have over-rated the power, of fiscal regulations, to secure them. But though this doctrine should be acquiesced in, yet it may be said, that the evils which have been pointed out, are not to be remedied, in the present situation of this country.

I shall probably be told, that though the foregoing facts are well authenticated ; though the reasonings and the conclusions are incontrovertible ; yet as the system to which they lead, requires a reduction of the rate of duties, and would render it necessary, to impose new taxes, on hitherto untaxed commodities, it is liable, to one or other, of the three following important objections.

1st,

1st, If the rate of the duties, were reduced, so low as is here supposed, the revenue would be altogether inadequate, to supply the wants of government.

2dly, If to answer the purposes of the state, it should be proposed to lay taxes, on many new articles, this would greatly enhance, the expenses of collection. And,

3dly, If this should be obviated, we would probably, be under the necessity, of laying taxes, on very improper subjects of taxation.

Thus, though the evils, attending our present taxes, are no doubt great, and numerous, still, it may be said, it will be more prudent to continue in them, than to hazard experiments, that may be attended with consequences, more fatal still, to the national credit, and the general prosperity of the country.

Such objections, it must be allowed, are naturally suggested. They are so plausible, as to have determined men of the first talents to think, that

our present taxes, with all their disadvantages, are necessary evils, which must be submitted to *. I might, however, evade their force, by shewing, that the principles I have been explaining, though they no doubt lead, to such a system as is here stated, yet may be applied, with much advantage, on a more narrow scale, and be rendered more subservient to a reformation, by which we would avoid, in a great measure, the evils which the objections suppose.

But as the objections give rise to questions, of great moment in themselves; closely connected with the present subject; and which will lead us into discussions, illustrative of the principles which I entertain, we shall enter into a particular consideration of them.

In general, however, we may remark, that they all rest upon suppositions, which have been taken up, without proof, or even much consideration.

The

* Reports of the Revenue Committee.

The 1st objection supposes, that it is better, to augment the revenue of a state, by additional imposts on articles already taxed, than to employ new subjects of taxation, or at least, that it is of little consequence, which of these two modes be adopted.

The 2d supposes, that the expence of collecting taxes, is in the direct proportion, of the number of articles taxed, or traders to be surveyed, and the

3d, That certain taxes, fall, unavoidably, on the landlord, or consumer, as such, without retribution; that by influencing the sources, they stunt the supply of national wealth; and that the legislature has the power, so to lay on taxes, that they shall, or shall not fall, on particular funds.

The reader is requested, to divest himself, as much as possible, of his present opinions on these subjects, while the following attempt is made to explain them. And as it never was the author's intention, to build a system, but patiently to search after truth, the reader will not be surprized,

prized, if instead of meeting with arguments, pointed to meet the objections, he shall be led into fields of investigation, where matters, strictly connected with them, are brought under his review, and that from these seemingly independent truths, he shall be left to judge for himself, with regard to the validity of the objections.

ENQUIRY

E N Q U I R Y I.

Of the Manner in which a State ought to increase its revenue, in Proportion to the growing Wealth of its Subjects.

Introduction to the Enquiry.

IT seems a self-evident maxim, that the revenue of a state, may easily be increased, in proportion to the growing wealth, and prosperity of its subjects. If this maxim, is contradicted in experience, our disappointment, in all probability, arises, not from our having assumed a false maxim, but from the improper manner, in which we have endeavoured, to carry it into practice.

It may be questioned, whether the expences of such a state as Great Britain, increase faster upon the whole, or in a greater proportion, than the
general

general mass of the national wealth ? No doubt they do so, at some times. But as the additional expences, of war and government, arise from the increasing wealth, of our own, or surrounding nations, it may be presumed, that this cause of additional expence, carries along with it, every thing necessary, for its own supply ; especially in such a nation as ours, where wealth is, and has long been increasing, much faster, than in the nations, with which it is surrounded.

If this is the case, it is evident, that the state, should with greater ease, increase its revenue, in proportion to the increase of the general wealth of the society, than it did, in former days, when arts and improvements, were carried to a less degree of perfection. In the case of individuals, we not only find, a greater number that are rich, but many of them absolutely richer, and acquiring their riches too, with greater ease, than they did, in the less improved periods of society. But in the midst of this general prosperity, though the revenue of the state be increased, yet we find government, struggling with increasing difficulties
in

in the acquisition of it. These difficulties must arise, from one of two causes; either the expences, and consequently the revenue of the state increases faster, than the general wealth; or financiers do not use the same prudent means, to separate the public revenue, from the general wealth, which individuals employ, in acquiring their private fortunes.

If the difficulties arise from the first of these causes, the evils are real and unavoidable. But in so far as they spring, from the improper manner, in which taxes are conducted and applied, it is, in a great measure, our own fault, if we continue to labour under them. As states may collect their revenues, either from over-taxed articles, or from articles which are under moderate duties, it will be profitable to consider, how financiers should conduct themselves, in each of these situations. This will divide the enquiry into two chapters. In the first, we shall proceed upon facts, already established, to discover the effect, of lowering duties, when they are confessedly too high. In the second, where we suppose duties moderate, we must go upon principles

ples, of a more general and abstract nature; and it will appear, that in this situation, the state, in increasing its revenues, ought to be guided, by the same general laws, which regulate individual traders, in carrying on their respective employments.

C H A P. I.

Numerical statement, to discover the effect, of lowering the rates of duties, when they are confessedly high.

IT is commonly said, that in revenue arithmetic, two and two, are only equal to one. This adage, though a dictate of good sense, and justified by many striking facts, in the history of revenue, has yet been generally disregarded by our financiers.

ciers. Instead of being guided by it, they have acted, as if there had been no possible way, of increasing the revenue, but by additional duties. The least acquaintance with the book of rates, is sufficient to justify this remark. Before the consolidation act, (as has already been noticed,) there were seven duties on ale, six duties on malt, nine duties on foreign spirits, as great a number on the distillery; and on many articles of customs, there were ten, twelve, and even fifteen duties.

Though we have already pointed out, the impolicy of this conduct, yet when we consider, how general and deep-rooted, the belief is, "That a reduction of the rate of duties, would be attended, with a proportional decrease of revenue," it seems still proper to ascertain, if this is a real, or only an imaginary objection, to reducing the rates of many of our taxes.

It has appeared, that for two periods, ending 1773 and 1782, there never was above 800,000 gallons of foreign spirits, legally imported, into this country, in a year*.

This

* See Appendix, N^o. 12.

This quantity, at 7s. 3d. *per* gallon (which is nearly the average rate of the excise duties, for these two periods,) would yield a gross amount of

-	-	L. 290,000
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a year.

If we charge only 6 *per cent.* for collecting ; the net revenue arising from foreign spirits would not exceed

L. 272,600

The quantity of foreign spirits smuggled during these periods was yearly 4,300,000 gallons,

Add the quantity legally im-	
ported	800,000 gallons,

5,100,000 gallons,

which the inhabitants of this country, will have, and with which, while we have too high a tax, the smuggler, chiefly, will supply them, notwithstanding all the exertions, which Government can make, to prevent him.

Let us suppose, the duty on foreign spirits, to be reduced from 7s. 3d. to 2s. 6d. *per* gallon, and that

that this duty, was a moderate tax*: this on
5,100,000 gallons would yield a gross revenue
of - - - L. 637,500

And if smuggling did not prevail,
this sum, could easily be collected, for
less than 5 *per cent.* Hence deduct,
for expence of collecting - 32,000

So that with about one-third part
of the rate of duty, we should have
of net revenue - - 605,500
free from smuggling and corruption,
instead of only - - 272,600
accompanied with all the mischiefs of over-taxing.

Such statements as this, have been frequently
submitted to the public attention; and the evi-
dence they carry along with them, is so striking,
that the legislature, have sometimes been induced,
to lower the duties, for the purpose of augmenting
the revenue. I shall mention only two experi-
ments of this kind.

In

* I do not say that 2s. 6d. would be a proper rate of duty in
the present circumstances of this country. It is assumed here
merely for the sake of illustration. See below, part 3d.

In the year 1745, the inland duty on tea, was reduced from 4s. in the pound, to 1s. in the pound, and 25 *per cent.* on the price.

The increase of the quantity amounts was so great, in consequence of the reduction of the duty, that the revenue arising from this branch, was nearly doubled by it: this will fully appear, from the following statement.

In the year 1743, the gross amount of the duties on tea, was	-	L. 157,386 : 10 : 9
In 1744 it was	-	152,587 : 18 : 3
In 1745 it was	-	151,168 : 7 : 1
But in the year after the reduction of the duty, viz. in 1746, it arose to		L. 249,018 : 19 : 11
And in 1747 it was	-	263,514 : 0 : 3

During these years, the charges of management, were pretty nearly the same. They were never under five, nor above six thousand pounds a year*.

But

* See Appendix, N^o. 19.

But the advantage, which evidently flowed to the revenue, from this reduction of the rate of the tea duties, does not seem to have attached the legislature, to the principle which led them to it, nor did it prevent them from again raising these duties.

The revenue committee, in their first report, state, that in the year 1783, the total duties of customs and excise, paid on "tea, before it can
"legally come into the hands of the consumer,
"amount on the lowest kinds of tea, to more
"than *cent per cent.* on the prime cost, and on
"other kinds of tea, on an average, to about 75
"*per cent.*"

The commutation act, proceeded on the idea, that the true way of augmenting our revenue, was to lower the rate of the duties. By it, the duties on tea, were reduced to $12\frac{1}{2}$ *per cent.* on the prime cost*.

Before

* By prime cost is meant, the price of tea at the India House sales.

Before this, on an average of ten years, there were very little more than *six millions* of pounds weight, *per annum*, legally consumed in Great Britain. But within the first twelve months after the act took place, the quantity legally sold, exceeded *sixteen millions* of pounds; and even this quantity, there is reason to believe, was not adequate to the consumption of the country.

It will afterwards be shewn, that these reductions of the duties on tea, though the best experiments, I have met with, for raising the amount of revenue, were made in very unfavourable circumstances; and that though the commutation act itself, should fail of the expected success, this failure, ought not to be attributed, to any defect in the general principle, on which the experiment was founded: on the contrary, the striking facts, which have been now exhibited, confirm the principle, and demonstrate, that increase of revenue, will be the certain effect, of reducing the rate of a duty, when it is too high, if the reduction be made, with the necessary intelligence and accuracy*.

CHAP.

* See before, Book I. Chap. iii. Sect. 5.

C H A P. II.

Of increasing the public revenue, when taxes are moderate.

Introduction to the Chapter.

THE simplest, and perhaps the most profitable view, we can take of a state, employed in collecting, or augmenting its revenue, is to consider it, as a private individual, trading in the nation. The funds necessary for the support of government, constitute a part of, and are blended with the general wealth of the whole society. But this is not the situation of the state alone. Every trading individual, has the revenue upon which he is to be supported, in the same situation; and he has to seek his daily bread, or acquire his fortune, in the same way, *viz.* by separating it, from the general wealth, with which it is blended.

If

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If we attend to the state, and to individuals in this particular light, we shall find, that they are or ought to be regulated by the same laws. That what is true of the one, is true also of the other; that what is proper in the individual trader, would be proper in the state; and that what would be imprudent and destructive to the individual, would be imprudent and hurtful to the state. But in order that we may see this, it will be necessary, to enter a little more particularly, into the circumstances of the analogy, which subsists between them. This analogy may be traced, in the means by which they operate, and in the laws under which they act.

S E C T. I.

Of the means employed by the state, and by individual Traders, in separating their respective revenues from the general wealth.

THE means by which trading individuals, separate a part of the general wealth, and appropriate it, are the commodities in which they deal, and the rate of the profit of the stock, which they employ, in bringing these commodities to market.

The means, by which the state, separates a part of the general wealth, for its purposes, are, the same consumable articles in which traders deal, and the rates of the taxes, which are imposed upon these articles.

The

The capitals of trading individuals are employed, in changing the articles in which they deal, so as to add to them, a value or price, which previously they did not possess. This change, may consist, either in manufacturing rude materials, or in changing the local situation of commodities.

A maltster, who manufactures barley into malt, gives an additional value to the commodity, and by means of the manufactured malt, receives in its advanced price, a part of the general wealth of the society, upon which he lives, or which he accumulates into a fortune, in proportion to his prudence and success in the trade.

The state, gives security and protection, to all the maltsters in the country : and by laying a tax, upon all the malt made by them, it would, in the same way, with the maltster, *i. e.* in the advanced price of the malt, separate a part of the general wealth of the society, and appropriate it, for the immediate, or future expences of the state.

Again

Again, a merchant imports a quantity of brandy. By changing its local situation, he has added a new value to it, and in its advanced price, receives a recompence, for the employment of his stock, and for the time, ingenuity and skill, which he has bestowed in its removal.

But the state, by the protection and security which it affords, has enabled him to transport, and his customers to consume, the commodity ; and by a tax on brandy, it should receive, in its advanced price, a recompence for the security and protection, it has afforded*.

But it is unnecessary to multiply examples. Every one must easily perceive, that *profit* and *taxes*, as included in the advanced price of consumable commodities, are the circumstances, by which, individual traders, and the state, separate, from the general mass of wealth, the revenues which
each

* *Note*, That the quantity of goods, employed by individuals is the representative, and indeed has contained, the value of all the capital, or money which they employed, for any given time, and is the measure of their circulating capital. But states require no real capital, to procure the medium, through which they operate. Individuals furnish the capital, by means of which the state extracts its revenue.

each are intitled to, and stand in need of, for carrying on the business of the society. But the degree of this advancement of price, is not left to be determined, by the arbitrary will and caprice, of those, who have such commodities to dispose of. In fixing this price, trading individuals must, and the state ought, to be regulated, by laws, both of a moral, and of a physical nature.

S E C T. II.

Of the Laws by which the State and individual Traders ought to be regulated, in acquiring their respective Revenues.

THE laws, to which I now refer are, first, The law of justice, which is of moral obligation, and is secured, by the positive institutions of every well regulated society. The second, though not
of

of moral obligation, nor the proper object of positive institutions, yet possesses an authority, which must be submitted to. It is a law inseparable from trade; and it obliges traders in the progress of wealth, to proportion the *rate* of their profits, to the general wealth of the society where they carry on their business.

S E C T. III.

Of the Law of Justice.

WITH regard to justice, we may observe, That individual traders, must always hold out something of real or esteemed value, which they give in exchange for money; and that sovereigns, by affording security and protection, both to traders and consumers, give a double, though an indirect value

value to every article ; and are therefore justly entitled to be furnished, with the necessary expences of defence and government. But though the general right, to traffic, and to tax, be clear, and indisputable ; yet universal experience, shews the disposition, which prevails, to commit injustice, under cover of its exercise. To prevent this abuse among individuals, is the object of positive institutions, and one great end of good government. But sovereigns themselves have shewn a disposition to injustice. They seem to have thought, that they were free from moral obligation, because they found themselves beyond the reach of immediate punishment. Accordingly, we find, that in less enlightened periods, they not only instituted arbitrary, and unequal taxes, but used both art and force, in defrauding their just creditors. Experience, however, has amply shewn, the impolicy of such conduct. The history of nations, has demonstrated, that their prosperity, (*cæteris paribus*) is proportioned to the justice of their governments. Wherever laws are equal, and executed with moderation and prudence, the subjects, finding themselves secure and free, boldly exert

exert those powers, which enable them to return, into the bosom of the sovereign, a liberal reward for the blessings he confers. England owes her prosperity and grandeur, not to the superiority of her numbers, or climate, or soil ; but to the security conferred, by the just laws, and equal rule, of her free government. On the other hand a breach of the law of justice, by rulers, as certainly defeats its own end, as when it is committed by individuals, who are more immediately obliged to submit to it. An unjust, or arbitrary imposition, or collection of taxes, disables a people from paying them : debasing the coin ; raising its nominal value ; or any other way of defrauding the creditors of a nation ; so shakes the public credit, as to prevent a state, from procuring money in future, without paying exorbitantly, for the risk which will be run, by the creditors of such a sovereign. In a word, though rulers may imagine, that they gain a temporary advantage, by fraud and injustice, either in the laws, or their execution, yet in fact, they cut off, by such a conduct, the source of that supply, on which the strength and vigour of a state depends. The subjects of such a government, fearful and enfeebled,

have

have less motive, and therefore never exert, to their full extent, those powers, which might carry them on, to wealth and independence; and the state itself, necessarily partakes, of the general debility, which the conduct of its governors has produced.

These truths, are now, so generally understood, that we are not more astonished at the injustice, than at the ignorance of those sovereigns, who did not perceive them. But this is not the only instance, in which mankind misjudge their true interests; and I am about to shew, that it is as contrary to sound policy, to seek an increasing revenue, from high duties, as it was in sovereigns to expect prosperity, by means of fraud and injustice.

S E C T.

S E C T. IV.

Of the Law, by which Traders are obliged, to proportion the rate of their Profits, to the general Wealth of the Society.

BUT besides the law of justice, on which civil and criminal jurisprudence is founded, and which is necessary, for the existence of society, there is another law, which powerfully restrains the conduct of individual traders, and ought to regulate the conduct of states, as they are employed, in the business of taxation,

The law to which I now refer, so far as I know, has no name. It may be described, as that law of commerce, whose final end is, to diffuse the blessings of prosperity, through every rank of a
rich

rich society ; and which is accomplished, by the reduction of the *real* price, of the various articles, which render the life of man, more easy and agreeable.

It is obvious to remark, the reduction of the *real* price of commodities, in the progress of society. The savage, can scarcely procure, a scanty subsistence for himself and family, by all his toil and exertions; while the civilized citizen, can not only maintain himself and his family, but with ease, supplies his numerous household, with many articles of accommodation and luxury. This reduction, of the *real* price of commodities, is brought about, by the sub-division of labour, the invention of machines, and the lowering of the profits of stock.

It is not my intention, particularly to point out the manner, in which these circumstances operate this important effect. I shall suppose my readers, to be informed on this subject * ; and content myself with just observing, 1st, That experience soon teaches mankind, that by applying themselves to one occupation, they acquire a dex-

* See Smith's *Wealth of Nations*, Book I.

a dexterity, which enables them to produce an article, with encreasing ease and expedition, and, consequently, to barter it, for a less and less quantity of other things, for which they wish to exchange it. 2d, That machines have a similar effect. By abridging the labour, of those who invent or apply them, they enable workmen, to produce more work, in less time, and with less exertion; and, consequently, to dispose of any quantity of the produce of their labour, thus eased and shortened, for a less quantity of other people's labour, than they could have done, without the assistance of such machines. 3dly, When in consequence of these circumstances, the market for goods extend; when property accumulates, and capitals increase and multiply, then there are always some traders, who force on business, with a much less rate of profit, than when the market is circumscribed, and capitals are small. In this manner, the *real* price of articles, is gradually lowered; and the blessings of riches and prosperity, are communicated, to the lowest ranks in society, by the very means, which render it rich and thriving.

It

It is easy, however, to conceive, various ways, in which this diffusion, of the blessings of prosperity, may in part, be prevented.

It may be prevented, (for example), if the *rate* of the profits of stock, were not to fall, but to rise, in the progress of improvement. We can scarce suppose, indeed, that on ordinary occasions, the profits of stock could rise so high, as altogether to counteract the effects, of the other two sources of improvement ; yet when we consider, through how many hands commodities sometimes pass, before they come to the consumer, we shall easily perceive, that a rise in the profits of stock would very materially retard, if it did not altogether counteract, the effects of the other improvements.

But again, we may suppose, that as a rise in the *rate* of the profits of stock, might counteract the effect, of the first two sources of improvement, so a very high *rate* of tax, would retard, if it could not counteract, the united tendency of all the three. It is true, indeed, that the effects of the improvements, we have mentioned,
are

are inconceivably great ; but still, when we recollect, that the rate of taxes rise to one, two, and even three hundred *per centum*, on the price of some articles, we will allow, that such duties, if they could be levied, would prove, an almost unfurmountable hinderance, to the circulation of an article, through the lower ranks of the people *.

These suppositions are more naturally made, because it seems to have been the uniform will and intention of traders, that the *rate of profits* should not fall, and of statesmen, that the *rate of taxes* should rise, in the progress of improvement. We shall slightly trace, how each of them have exerted themselves to attain these purposes ; and as we go along, we may remark, with what admirable wisdom and steadiness, nature

* It may be proper here to observe, that in modern Europe, the *money* price of many articles has risen, while their *real* price is much diminished. But though this rise in the money price of commodities, in consequence of the general increase of gold and silver, has no effect on their real price, yet in the case now before us, the keeping up the rate of profit, or levying a heavy tax, would not only raise the money price of an article, but would, at the same time, *raise* or keep up its real price also.

ture counteracts the purposes of those, who would defeat her designs.

It is a well-established truth, that when wealth accumulates, and more capital is turned, into the same line of business, the competition between rival traders, makes them willing to lower the price of their goods, and to forego part of the rate of their profits, to obtain a ready and quick sale. This circumstance, which seldom fails to take place, in a rich and thriving society, is continually the subject of complaint with traders, and at first sight, appears highly prejudicial to their interests; and yet, experience demonstrates, that this seeming hardship, which the thriving state of the society imposes upon them, is salutary to themselves, while it is pregnant with the richest blessings to society at large. It is true, that if a merchant had been told an hundred years ago, that his successors in trade were to have pursued their profession, with a profit of *L. 10 or 15, instead of L. 20 or 30 per cent.* on their capitals, he would have concluded, that the business would be much degenerated; nor could he have believed, that those successors were to
be

be much more opulent than himself. The fact, however, certainly is, as here stated; and it is beyond all controversy, that merchants, trading in large towns, where there is a brisk demand, with large capitals, and a small rate of profit, make fortunes more certainly, and more easily, than in small towns, with less capitals and a higher rate of profit: and among nations at large, the rate of profit is low, in proportion to the general increase and diffusion of wealth.

It is readily admitted, that we could not *a priori* believe, that the lowering the rate of profit, could be advantageous to individuals, as well as to the public; but after the fact is well established, we are then enabled to trace its operation. The accumulation of wealth and capital, induces traders, to rival one another in the market. Rivalship forces down the rate of profits, and, consequently, the price of articles: the reduction of price, enables many individuals to purchase articles, who could not otherwise afford them; and thus the lowering the rate of profit, goes back to extend the market, far beyond what otherwise it would be. But the extension of the market, and

the consequent quickness of circulation, is found, in experience, to outweigh the loss, occasioned by the reduction of the rate of profit ; and hence the prosperity of traders is promoted, in a manner, which at the same time, conveys the blessings of wealth and prosperity, to the lowest ranks in society.

But were a trader, in a rich society, not to lower his profit ; were he obstinately to keep it up, and, consequently, the price of his goods, while others around him were lowering theirs, he must be underfold by his more pliable neighbours, and might be left, without a customer, while the demand for his article was increasing, perhaps every day.

But though trading individuals are in general rich and thriving, when they are obliged to lower the rate of their profits, with the increased wealth of the society ; and though they could not exist, as traders, without complying with this law of commerce, yet it is only for fear of others depriving them of the market, that they can be induced to relinquish, the excessive profit
which

which otherwise they would enjoy. Merchants, have continually represented, the falling of the rate of profit, as the greatest evil, that could happen to a trading nation ; and have been continually forming associations, to conteraft, this natural progress of human affairs. Their complaints have very generally been listened to ; and the associations founded on them, have not only been encouraged, but formed and protected, by all the wisdom and authority, of the most powerful governments in modern Europe.

It is not to be denied, that monopolies are often highly beneficial to those who enjoy them, especially when they are moderately used ; because by means of them, profits may be kept up, above the common level, to a certain degree. But it is as certain, that when monopolists trust too much to their exclusive privilege, and keep up the profits of their stock, far above the general rate of profit, that the growing demand, creates for itself, a new channel of supply, more obedient to this law of nature. This channel, is the underhand dealer, who, lured by his own interest, and disregarding the monopoly,

supplies a great part of the market, at a more moderate rate, and in spite of every positive law, that can be framed to prevent him. The contraband trade, never fails to be carried on, while monopolists continue to keep up an exorbitant rate of profit. They often indeed attempt to destroy it; but their attempts, though very expensive, are seldom or never successful. The smuggler still continues to supply, perhaps the greatest part of the market, while the price of the article is kept up; and this circumstance is the remote cause, of the decline and fall, of most of the exclusive companies, which have existed, in modern Europe. Thus the rate of profits, continually diminishes, with the increase of wealth, not only in opposition, to the inclinations of single men, but to the most persevering efforts of societies, even when supported, by all the influence and power of nations.

But no individual, or trading company, have ever, by their profits, resisted the tendency of nature, to reduce the price of goods, half so much, as sovereign states have done, by means of their taxes. This has arisen, not only from
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the circumstances, which have inadvertently led them, to over-tax, but also, from their not seeing the propriety, of conforming themselves to the same laws which regulate their subjects ; and though they now feel the obligation, and perceive the expediency, of conforming to the law of justice, yet they have never once conceived it to be at all necessary, or proper for them, in the business of taxation, to pay the least attention to the law which we are now considering, and which regulates individuals, in extracting their private revenues, from the general wealth.

Several reasons may be assigned, for this inattention. One obviously is, that though individual traders, and the state, are equally entitled to their reward, for the services they do the public, yet they are in very different situations, with regard to the exercise of this right.

The trader brings his goods to market, with the uncertainty of finding a purchaser, at the advanced price which he may expect. The sale of his commodity, and consequently his reward, depends upon the willingness of others to purchase

chafe ; and if they refuse to comply with his terms, he has no power, and indeed it would be unjust to oblige them, to pay the full price, which he might think proper to demand. But it is otherwise with the state. No person can reside in a country, without receiving all that security and comfort, which its laws and government afford. There is a claim of justice, therefore, on every individual, to pay his proportional expence for the blessings of his situation. A person therefore may, with justice, be obliged to pay a tax, on the advanced price of a commodity, though it would be unjust, to force him to give, in the advanced price of a commodity, a higher rate of profit, than is common at the time, or than he chooses to bestow. Hence it is, that individual traders, pressed on all hands by competitors, lower the profits of their stock, for the purpose of securing their market. But the state, considered as affording good government and protection, is without a rival ; and in laying on, and levying the taxes, necessary for maintaining these blessings, it has very properly considered itself, as without a rival also. In this situation, financiers

ciens have acted, as every private individual, if in the same situation, would have acted, to increase their revenues, *i. e.* they have not lowered, but kept up the rate of their profits or taxes. Indeed they have strictly, and uniformly, adhered, to this most obvious principle; and when they wanted money, they have increased the rate of taxes, on consumable commodities, instead of lowering them, which in the progress of society, they ought rather to have done. But,

2dly, This conduct, of adding to the rate of taxes, has been persevered in by states, because they thought, they had the power of doing so.

The disposition of individual traders, to keep up the rate of their profits, is sufficiently demonstrated, in the corporation and monopoly laws, which they have, and are continually endeavouring, to establish; and unless they had been forced by rivalry, to submit to that great law of nature, which requires, the diffusion of the blessings of prosperity through every rank,
it

it is certain, that they would have imitated the conduct of states, and have at least kept up, if they did not increase, the rate of their profits*.

But though the state, has assuredly no rival, in affording protection and good government, and ought to have no rival in its business of taxation, yet it is equally certain, that by not being forced, by open and avowed rivalry, into submission to the law we are now considering, it has, by raising the rate of its taxes, conjured up to itself, a secret rival in the smuggler, who, though he does every thing to destroy good government, yet, by laying on an inferior tax, to defray the expence of his contraband trade, runs away with the market from the state, who ought exclusively to possess it. It is true indeed, that over-taxing commodities, does not ruin states, as exorbitant profits, would ruin private individuals, and as they have dissolved monopoly companies; but it is owing, to the over-tax on consumable commodities, that the market leaves the fair trader, and of consequence the state, and that it is
so

* Perhaps the great merchants of Portugal have been successful in doing this.

so liberally supplied by the smuggler. It is owing to this, that such enormous sums have been wasted, in attempts to prevent smuggling; that morality and good government, have not more universally prevailed; and that our revenue laws, have assumed a form and a spirit, so different from the genius of the British constitution, as to prevent them from being executed, with that alacrity and effect, which follows the promulgation of our other statutes. To combat these evils, is a matter of the highest importance to the legislature. It has indeed become a separate business, intricate, perplexing, and expensive. But while our financiers continue, to act upon the same principles, which have created these evils, the evils themselves will in part remain. For as they are the consequences, they will ever continue appendages, to the over-tax system.

It is certainly difficult to persuade men, that to increase the rate of taxes, is the worst way of increasing the revenue, more especially after they have been long seduced, by all the intricacies
and

and delusions of the over-tax system*. But when they see the ruin, which would unavoidably fall upon individuals and companies, pursuing a similar conduct, and the prosperity, which is universally connected, with the opposite practice, this should go far, one would think, to open their eyes, and to direct their future conduct. No statesman, ever went out of place, with more reluctance, than traders sometimes feel, when they lower the rate of their profits; and yet, this seeming hardship, which the thriving state of society, imposes upon them, is really salutary to traders themselves, while, by lowering the price of commodities, it is pregnant with the richest blessings to society at large.

* See Part I. Chap. iii.

Conclusion

Conclusion of the Chapter.

IN this chapter, we have traced an analogy between the state extracting its revenue from the general wealth, by means of taxes, and individual traders, acquiring their fortunes, by means of profit. We have seen, that they agree in operating, through the same *media*; and as it is the interest of both to conform to the law of justice, so it is equally their interest, to conform to that physical law, which requires, that the *real* price of articles, should fall, with the accumulation of wealth, and the general improvement of society. To this law, individual traders, yield a reluctant obedience, though in the whole, it is their interest to conform to it. But sovereign states, not feeling themselves under the same necessity, instead of obeying, have resisted it, by all their ingenuity and power; and hence have arisen, all the evils of over-tax systems. These evils, are nothing more than the natural punishments, which

which invariably attach themselves to those, who resist a law of nature, whose final end, is the diffusion of the comforts of a rich society, through the lowest ranks of the people.

We conclude, that if states would follow the practice of trading individuals, like them, their capitals (*i. e.* the quantity of each taxed article) would increase, with the increase of the wealth of the community at large, and with the growing demand for those articles. That should the increase of revenue, thence arising, be insufficient for the public exigencies, they ought not to attempt to augment their revenue, as they have done, by additional duties, on articles already sufficiently taxed, but by laying duties on hitherto untaxed commodities.

In this way, it is probable, a sufficient increase of revenue would arise, not only from the growing demand, and more extensive market for articles already in use, but from the new articles of accommodation and luxury, which are continually springing up, in an advancing and thriving society. The consequences of this would be,
that

that the revenue laws being conformable to the genius and spirit of each constitution of government, the people would be zealous for their execution; and the smuggler, having little motive to smuggle on the one hand, while he was depressed and discouraged by his fellow-citizens on the other, would leave the state, to the full enjoyment of that revenue, to which it is so justly entitled, but which a moderate rate of taxation only can ensure.

This moderate rate of taxation however, would probably make it necessary, to tax a greater number of articles; and whether this would greatly increase the expence of collection, as has been supposed, is a question which will furnish matter of examination for our next enquiry.

ENQUIRY

E N Q U I R Y II.

Of the Expence of collecting Taxes on consumable Commodities.

C H A P. I.

General Remarks.

THE expence of collecting taxes on consumable commodities, is by far the most common, and important objection, that has been stated against them.

Some financiers observing, that it is more easy to take account of one article, than of two or
more,

more, (perhaps of very different descriptions,) concluded, that this expence arose, from the number of taxed articles. Hence it was, that Lord North used to prefer an additional duty, to a new impost, because he said, it saved the expence of collecting. In this view of it, it is conclusive to say, that as an article, is already under the survey of an established set of officers, who take account of the quantities, no new labour can arise, and therefore no expence can accrue, from an additional tax upon it.

Others, judging, that it must require more time and attention, to survey a great many traders, than a few, and observing in fact, that when a business is in the hands of a few great traders, there is less appearance of fraud, and, consequently, less trouble and expence, in surveying them, than when the business is more diffused, have formed the opinion, that this expence arises, from the number of traders to be surveyed; they have hence conceived a predilection for great traders, and do every thing they can to throw the whole business into their hands.

In

In the mean time, philosophers, relying on the fact in general, and perhaps considering these two causes, as sufficient to account for it, have considered great expence, as an evil necessarily attached to this species of revenue.

The amount of this expence, or the proportion which it bears to the revenue collected by it, has been variously estimated. It is to be observed however, that these estimates have, in general, been founded on accounts, made up in such a way, as to prevent us from forming a just opinion with regard to it. When accounts of gross and net produce have been exhibited, they have contained, for the *gross*, the sum charged upon all the goods, which came under the survey of revenue officers, during the currency of the account; and for the *net*, that sum only which was actually paid into the Exchequer. This, no doubt, is all that the financier wants, when in a committee of ways and means, he would point out the sum actually paid into the treasury, and which he may, or has been able to appropriate, for the use of the nation. But the difference between these two sums, is by no means

means the expence incurred in collecting the revenue: great part of this difference, is in general made up, of sums paid out, of what is properly the net revenue, being for drawbacks and bounties on goods exported, and encouragements to manufacturers in our own country. To state but one example*.

In the year 1781, the gross produce of the customs, as stated in the appendix referred to in

the note, was	-	-	L. 4,000,000
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The net produce	-	-	2,800,000
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The difference	-	-	1,200,000
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which last sum, is considered, as the expence incurred by the public, in managing this branch of the revenue.

This statement would make the charges of management 30 *per cent.* But of this sum

of	-	-	L. 1,200,000
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there was paid for bounties, debentures, and certificates, upwards of

	-	-	920,000
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So

* See 14th Report of the Commissioners on the Public Accounts 1786. Appendix, No. 5. of that Report.

So that there remains on the highest calculation for charges of management, only - -

280,000

which is seven, instead of thirty *per cent.*

The expence of collection, can consist only, of salaries and incidents to surveying, preventive, and collecting officers, and for carrying on prosecutions against delinquents. Bounties and drawbacks, are no more part of the charges of management, than any other sum issued from the Exchequer; but because these bounties and drawbacks are allowed by act of parliament, they are paid by the collecting officer, and are never sent into the Treasury. For this reason, they have always been deducted from the gross revenue, and inadvertently considered as part of the charges of management. But it should be remembered, that these bounties and drawbacks are not revenue, but commercial business; and as their repayment occasions as great trouble as was originally incurred in collecting the duties, out of which they are paid, they ought to be added to the gross amount, if we would correctly state the expence of collecting in such instances. If
this

this was done, the foregoing account, would be more correctly stated thus,

Gross amount,	-	L. 4,031,000
Repaid in bounties and debentures,		920,000
Sum of the business performed,		4,951,000
Charges of management,	-	280,000
which would reduce the expence from L. 7 to		
$5\frac{1}{2}$ per cent.		

But even this statement, though more correct than the other, is not sufficiently so for a customhouse account, where a great part of the officers' time is taken up in conducting a whole system of commercial regulations, which are but in a very slight degree connected with revenue.

The error which we have here pointed out, has in part been avoided by doctor Smith, in his computation of the expence of collecting the excise for 1775, which he estimates at 5 per cent; and had he added the expence, of the repayments and drawbacks to the gross amount, his estimate would have been lower.

But though the expence of collecting taxes on consumable commodities, is so far below the generally-received opinion, in this view of the subject; yet it must be confessed, that it is very high, when we view it in a different light: for though the expence of surveying and collecting, strictly speaking, is next to nothing, yet the expence, which necessarily attends smuggling, is very high indeed.

If this was to be estimated, we would have to calculate the expence of the *extra* number of officers, which watching and detecting the smuggler require*; of revenue cruizers; of law proceedings; of the exertions of the military; of the navy; and to all these, ought to be added, the expence and exertions of the smuggler, to avoid and counteract these efforts of government, which, though not cash taken from the Exchequer, must yet be borne, in one way or another, by the subject, and is so much expence, paid by the people, (on account of this species of revenue,) which is secret and not to be computed;

* The Revenue Committee, in their second Report, state this expence of Revenue officers, at the out ports of the Customs alone, to be *L.* 65,665 a year. See the 5th Appendix to that Report.

ted; but which, probably, in a few articles of principal consumption, amounts to a much greater sum, than we can easily be brought to believe. If this sum was employed, for the public service, it would relieve the state of its pecuniary burdens, much sooner than we are, at present, in a capacity to estimate.

But that we may be better able to judge, whether the expence of collecting taxes on consumable commodities, arises from the nature of such taxes, or from the improper manner in which they have been conducted, we shall consider, a little more particularly, the source of this expence, 1st, When articles are not over-taxed; and 2dly, After they are in that situation.

C H A P. II.

Of this Expence when Articles are not over-taxed.

WHEN, in any country, a few consumable articles are first taxed, they, no doubt, must be taken account of at a very great expence. They are not permanent subjects, like lands and houses, which may be surveyed at any time, and by persons, who reside at a great distance from them. Consumable commodities, of a certain description, are no sooner produced, or made fit for the market, than they are gone; and unless they are surveyed, while in the manufactory, and by a person resident, or nearly resident on the spot, it would be impossible to collect a duty from them, with any equality or effect. Accordingly, it may have been observed, that on the establishment of the customs, it
was

was found expedient to erect ports, with the necessary officers, at all the most convenient landing-places on the coast: and on the establishment of the excise, to portion out the whole kingdom, into small lots,* called divisions, and to establish in each of these, a particular officer, to take account of the consumable articles, liable to duty, in this division.

But though these establishments, with their appendages, of supervisors, collectors, &c. were necessarily attended with an expence, that bore a great proportion to the amount of revenue, to be drawn from one or two articles of taxation, yet as it consisted of salaries, that were fixed, it would have borne a less and less proportion to the revenue collected by it, as the quantities of the taxed commodities increased in the progress of society. Besides, such a system of collecting, when once properly established, is like a great wheel, capable of moving many more machines, than those originally connected with it. The officers in this system, could not originally be so parcelled out, as to be wholly employed, in the
business

* See Part I. Chap. ii.

business of their division ; and even now, it will be found, that they would not be fully occupied, if their attention was limited to the common duties of surveying. This indeed every body takes for granted, when premiums and allowances are given to officers for their activity and attention, (not in surveying,) but in looking out for, and making seizures. From this situation of the officers then, it was competent, to have laid on new taxes on a great many other articles, with very little or no additional expence to the revenue.

I know it is believed, that the increase of the number of taxed articles, has increased the expence of collection, by rendering a greater number of surveying officers necessary. But *one* over-taxed article, requires more officers, and more expence to secure the duties payable upon it, than twenty articles that are not over-taxed. And if none of the articles of revenue had been over-taxed, a few additional ones would have afforded but very little more trouble, to the surveying officer, who, in this case, could have gone from article to article, and made his regular surveys,

veys, without trouble, and without fear; and who, on suspicious occasions, could have made a few unexpected surveys, that would have been sufficient to counteract an inferior temptation to smuggle. The reader, who has made himself master of the account, that was given of the art of surveying, in the first part of this work, will easily believe, that after a surveying system is once thoroughly understood, and set a going, many other articles, besides those originally taxed, might be put under the survey of the same class of officers. Of late * the number of surveying officers has been diminished, and yet in the country, there is nothing more common, I am told, than for an officer to perform the surveying business of two divisions at the same time.

But the practicability of increasing the number of taxed articles, without increasing the expence of collection, is no new idea. Davenant entertained it. And whatever other mistakes he may have fallen into, yet as he was himself a practical surveyor, and well acquainted with
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* June 1789.

the excise system, he will be allowed to have been a most competent judge of this subject. He tells us, that when the excise in England, was in the most flourishing situation, *i. e.* before the ale was over-taxed, in 1695, the whole kingdom was parcelled out among 1200 officers, under whose survey, the amount of the excise, was a growing amount. He computes, that a malt tax of only six pence on the bushel, would then have yielded a revenue, nearly equal to the rest of the excise, and yet for securing so great an addition, he does not propose to augment the surveying officers above one-eighth part ; and he asserts, that 1370 officers with supervisors, &c. fit for their situations, would be sufficient to collect, any new duties which “ the parliament has given, or may think “ fit to grant *.”

Thus, though the expence of instituting a surveying system is great, when compared with the amount of the original revenue, collected by means of it, yet, in the progress of a moderate taxation, the proportion of this expence would be gradually lessened. It would become less, as the quantities of the taxed articles increased in the progress

* See his Essay on the Management of the King's Revenue.

progreſs of ſociety, and ſtill more ſo, as the number of productive taxed articles were multiplied; for though in the firſt caſe, the number of traders ſhould increaſe with the amount of quantities, which by the by is very rarely the caſe, and though in the ſecond, ſome additional labour would be incurred, yet both of theſe circumſtances together, would occaſion but a very trifling additional expence, while the two ſources of revenue, would pour an increaſed ſupply into the exchequer, compared with which, not only the additional, but the original expence of collection, would ſoon appear trifling and inſignificant.

On our preſent ſuppoſition, the expence and risk of ſmuggling, exceed the temptation to it. Few therefore would be ſo fooliſh, as to make the attempt; and as moſt of theſe few would fall victims to their own folly, little expence would be incurred to prevent a praſtice, to which there could be no great temptation, or to puniſh a tranſgreſſion, which comparatively would be ſo rarely committed.

In

In an over-tax system, the surveying officers are no doubt more numerous, than when taxes are moderate, but still, the great expence arises from the smuggling which prevails ; from the attempts which are continually making to prevent it ; and to punish it after it has been committed.

C H A P.

C H A P. III:

Of the Expence of collecting Taxes on consumable Commodities, when the Articles are over-taxed.

BUT though a multiplication of traders, and of productive articles, would occasion, but a very trifling addition, to the expence of a well-established system of surveying, if all the articles were under-taxed, yet this, would by no means be the case, if any of the articles were over-taxed.

We formerly observed, that in a rich and well-peopled country, where the bounds of a division are narrow, it would be easy for an active officer, to survey many traders even of very different descriptions,

criptions, if the temptation to smuggle was so small, that he could keep them under command, and counteract the temptation by the check surveys which he could easily repeat. But if any one class of traders in his division were over-taxed, they would soon make vigorous attempts to elude his vigilance; and if he was faithful, he would find it necessary to look after them with more than ordinary attention. Such traders, therefore, would require a separate set of officers to survey them. It has been found, however, that a separate class of officers, will not prevent fraud, in an article that is much over-taxed: the trader, lured by gain, and stimulated by rivalry, will be continually making those attempts at fraud, which subject him to prosecution; and if to prevent these attempts, surveying officers should be multiplied, instead of having one officer to survey many traders, we should soon have as many officers, as there are traders in a division. This in fact, has in many instances taken place, but like the other expedients of the over-tax system, it is proved ineffectual. By placing an officer with *L.* 35 or *L.* 50 a year, to check the operations of a trader, who has great temptations to fraud, more occasions

occasions are opened of correspondence and intimacy between them. The officer once corrupted, becomes subject to his trader, and soon little better than one of his servants. In this situation, it is true, Government will hear nothing of frauds, and the revenue will appear to be collected with little expence, because it will be done without noise. But if Government should be convinced of the corruption of their officers, and should employ watching officers, not only as checks on the traders, but on one another, it is impossible to say where we are to stop, or what additional expence may be incurred. I have known ten watchers to one trader at the same time.

But these additional surveying and watching officers, are not the only means for preventing smuggling, which the over-tax system has rendered necessary. The institution of Revenue cruizers, and the assistance of the army and navy, are, in their own nature, very expensive, though it is not easy to compute it. The Revenue Committee, in their first Report, state, that the exertions made by Government, to seize foreign contraband goods, before they come near the shore,

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was upwards of *L.* 260,000 a year*, over and above all the exertions, both of the Customs and Excise, aided by the army, to seize the goods after they were landed on the coast.

Another source of expence, attending the over-tax system, is that arising from prosecutions. I do not say, that where duties are moderate, there would be no prosecutions; but they would neither be so numerous, nor expensive, as they are when articles are over-taxed. In the first case, the attempts to smuggle, springing from ignorance, would be few, feeble and ineffectual; and they would be easily crushed, under the operation of the ordinary means of prevention and punishment. Under the second, where the gain is supposed much greater than the expence and risk, prosecutions will continue, to be both numerous and expensive, while government are anxious to suppress smuggling. But this expence is not to be estimated by the sum expended by government; for the money, time, ingenuity, and exertion, put forth

* Appendix, N^o. 1. of that Report.

forth by government, is counteracted, by a similar expence on the part of those, who are liable to such prosecutions, with whom a kind of legal as well as civil war is carried on, to the manifest and almost inconceivable loss of the public.

But this expence is aggravated by the difficulty and uncertainty of getting the revenue laws executed. The legislature have imagined, that they could counteract the great temptations to smuggling, by the severity of the sanctions, under which they have prohibited it. The severity of the revenue laws, has accordingly increased, until they have lost the spirit and character, of the other laws of the country. In this situation, the people do not sympathize, with the revenue statutes; they often aid the smuggler, rather than the revenue officer; and even the ordinary magistrates, have declined to apply those punishments to the smuggler, which the legislature, in its wisdom, had judged to be necessary*. This has rendered it necessary to institute exchequer

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* Revenue Committee's 2d. Report.

suits, in most cases, where a simple award of the justices of the peace, used to be sufficient; and, consequently, the execution of the revenue laws, is now more expensive to the state, and more oppressive to the people, than they were formerly. But in a free country, the people must execute the laws, and execute them too with alacrity, or else they will never be effectual. While our revenue laws, therefore, are contrary to the genius of our other statutes, they will never be executed with spirit, because the breakers of them are not in disgrace with their fellow citizens; and from this, in a great measure, arises the expensive, uphill work of executing them.

It deserves, however, to be particularly remarked, that the expence of suppressing smuggling, is not so much in proportion to the temptation to smuggle, or to the quantity smuggled, as to the exertions made by government to suppress it. This will appear, by observing, that the attention of government to smuggling, and their consequent exertions to suppress it, are varied by the different situations of the traders who smuggle. If the tra-

ders

ders are numerous and not very rich, rivalry among themselves, and disagreement with their officers, continually rouse the attention of government, to the smuggling that is going on. And the consequent exertions of government to suppress it, by additional officers, and vigorous prosecutions, render the collection of the duties very expensive, while it is certain, that these exertions will not be effectual to put a stop to it. But if the business is in the hands of a few great traders, who can afford to get the officers into their own pay, then there are no complaints. The trader does as he pleases. A certain proportion of the article is regularly dutied, and the rest smuggled without a struggle. In this case, it is true, government get their duties without expence, unless it is allowed that the loss, of by far the greatest part of the duties, is a very high expence.

The observation of this fact, however, has led many into a strong predilection, in favour of monopoly, though when an article is over-taxed, nothing tends so certainly to encourage smuggling as the business falling into a few hands. When

this happens, the revenue officer is exposed to temptations, which few or none of them have been able to withstand. The smuggling that then prevails is carried on without noise ; but the evil is not less, because it hides itself from our view ; on the contrary it is more destructive of revenue, as in fact it takes the management of it, and of the officers, in a great measure out of the hands of government.

C H A P.

C H A P. IV.

Recapitulation of the Second Enquiry.

UPON the whole then, it would appear, that an establishment for collecting taxes on consumable commodities, must at first be attended with great expence. But that, if commodities were not over-taxed, this expence would bear a less and less proportion to the revenue collected by it, as the quantity increased, of the articles originally taxed, and as new-taxed articles were multiplied in the progress of society. That it is over taxation, that gives rise to great expence; and that in an over-tax system, the expence almost exceeds computation. It is over taxation, which renders it necessary, to have more surveying officers, than would otherwise be required; that

that calls for preventive officers ; for watchers ; for revenue cruizers ; for the assistance of the army and navy ; for severe statutes and rigorous prosecutions, without number, and (because they are ineffectual) without end.

This expence, however, it is to be remembered, is not always proportioned to the temptation to smuggle, or to the quantity smuggled, but rather to the exertions, on the part of government, to suppress smuggling. But these exertions must vary, with what government are permitted to know, with regard to smuggling. When an over-taxed article, is in the hands of many traders, whose moderate gains deprive them of the power to corrupt the officers, this, joined to the clamours of rivalry, rouses the attention of government, to the smuggling that prevails, and creates great expence, in their exertions to suppress it. But after the business centers, in a few monopolizers, who have great capitals, they can easily take the revenue officers in their own pay ; this is the last stage of the over-tax system ; and then it meets the appearances, of a moderate taxation. No frauds are heard of, and no prosecutions take place;

place ; the few which arise, are against inferior traders, who are soon altogether suppressed, though it is from the middling class, as shall afterwards be shewn *, that the highest rate of duty can be collected.

* See below, Book iii.

ENQUIRY

E N Q U I R Y III.

Concerning the Question, On whom do Taxes fall?

C H A P. I.

Introduction.

S E C T. I.

Importance and Plan of the Enquiry.

WHEN we reflect, that the object, of almost all writers upon taxation, is to ascertain, where taxes fall, it will appear, that this branch of our subject, is entitled to a very full, and close examination. For this purpose, after mentioning
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the origin of the question, and stating some of the most prevalent opinions, I shall endeavour to point out, 1st, How the invention of machines, the subdivision of labour, and other improvements in society, furnish funds for the payment of taxes ; and, 2dly, How the general state of demand, regulates the manner, in which taxes fall, when improvements do not intervene, to sustain them. From this review it will appear, that it is almost impossible to tell, where taxes fall ; and that though we could tell where they fall to-day, yet as their doing so depends on circumstances, that are ever varying, we should still be at a loss to point out, where they will fall to-morrow.

S E C T. II.

Origin of the Question.

IN modern Europe, civilization and improvements, began with foreign trade, which gradually introduced manufactures and agriculture. In the progress of trade, the rivalry of merchants, soon brought down their profits ; and though taxes had no effect on profit, yet they were perceived to be very powerful, in giving traders the preference to one another in the market. Speculations, therefore, respecting taxes, naturally began with merchants ; and their views of them, were limited to the manner, in which taxes affected themselves. They were by no means interested, to consider the absolute rate of duty, which would be laid on any article. If the duty was low, there could be no complaint,

plaint, and if it was so high, as to give encouragement to smuggling, this circumstance they, generally, converted to their own emolument. The chief thing, which seized their attention, was the equality or inequality of taxes. If all merchants traded with the same rate of duty, they experienced the same general advantages and disadvantages; but if the rate of a tax was unequal, the inequality unavoidably operated a discouragement to those, whom the higher tax affected. If one merchant was charged 2s. for the same species and quantity of goods, on which another was charged only 1s. it was evident, that he, who paid the highest duty, must either lose the market, or smuggle, or sell his goods at an inferior profit. In other words, the difference the rate of the tax, would *fall* on the merchant liable to the highest duty, and in cases of competition, would always drive him out of the market. But so various were the circumstances of merchants, that on many occasions, it was to be shewn, that equal taxes, would, in certain situations, be unequal, and unequal ones, would prove equal, because in the end, they would put different merchants on the same footing in the market.

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This often gave rise, to nice questions, respecting the operation of taxes, of great importance to the mercantile world, and in which legislators, and whole countries, became in some measure interested.

But when we consider, that consumers do not pay taxes, to get them back, in the advanced price of the commodities; that they have no market in which they are to dispose of them; nor rivals to contend with; it does not occur, how this question respecting taxes could be stated with regard to them. It must be remembered, however, that financiers, had been accustomed, to reason, and to act, with merchants. Their imaginations had been filled, and their passions agitated, with this question regarding taxes, in a commercial view, and it is not surprising, that it should have occurred to them, in the same important light, when they came to consider the subject of internal taxation.

But before this question could be agitated, between private citizens, it was necessary to range the people, into different classes, and to shew that
they

they could be affected by taxes, in the same way with rival merchants. For this purpose, one would think, that considerable ingenuity would have been necessary. The situation of society, however, before the revolution, and the theories of speculative men after that time, furnished ample matter, for such a classification.

S E C T.

S E C T. III.

Of the Landed and Commercial Interest.

IN modern Europe, a very early jealousy subsisted, between the landlord and the merchant. The landlord, while, perhaps, he only vented his ill-will against the merchant, imagined, that he oppressed him, by the taxes which were imposed, on his person or merchandise; and he believed also, that every tax, levied from the merchant, was so much of the national burdens of which himself was relieved. No two traders, were ever more really competitors in the same market, than landlords and merchants, in modern Europe, have been to one another, even when resident in the same country.

Soon

Soon after the revolution, a proposal had been made, to lay a tax upon malt, and at that time, there could not be a more proper subject. But doctor Davenant found out, that this tax would fall upon barley land. This assertion, was sufficient to rouse the attention of landlords, and to set them in opposition to a tax, which was to affect their interest, by falling ultimately upon them, and not on the commercial part of the nation. In opposition to this prejudice, however, a tax was soon after laid upon malt; and others have been added, though the prejudice still remained. Even so far down as the year 1760, when the additional malt-tax was proposed, though no direct opposition was made to it in the House of Commons, yet the train of opinions was against it. “The tax (it was said) “was partial against the landlord, on whom it “would ultimately fall, and who should afterwards be relieved of this burden.” One would have thought, that the experience of the first malt-tax, would have corrected this opinion, long before the year 1760, and yet it seems still to have had such root, that Dr. Smith found it necessary to eradicate it, so late as the 1775. He
has

has fully demonstrated, what experience had sufficiently taught, that no tax upon malt, could affect barley land, or the landlord, more than a tax, on any other consumable article, might affect him.*

* See Smith on the Nature and Causes of the Wealth of Nations, Book v. Ch. 2.

SECT.

S E C T. IV.

Of the Distinctions introduced by the Commercial System.

AN author of some reputation*, has introduced, almost the whole mercantile system, to explain the subject of internal taxation. He judges it absurd to say, that an internal and proportional tax, as he calls it, (that is a tax on consumable commodities,) can fall, either on the land, or trade, or on the industrious individuals of a community. He thinks, that such taxes, must fall on the idle consumer.

This division of the people, into industrious and idle, is evidently founded, on that part of the mercantile system, which treats of the ba-

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* Stewart's Political Oeconomy.

lance of trade. This author points out, how the balance of trade turns, even among citizens of the same country, carrying on the internal business of the society ; and endeavours to shew, that all taxes on consumable commodities, must attach themselves to those individuals, against whom the balance of trade turns. The balance of trade is always against the idle ; therefore it is the idle, on whom such taxes fall.

But as the reputation of the commercial system declines in Europe, so this division of the citizens, into idle and industrious, and the opinion of the manner, in which taxes fall, consequent upon it, is less attended to. It has given place to other, and more plausible divisions, springing from very different systems.

S E C T.

S E C T. V.

Of other Systems of Political Oeconomy.

THE French œconomists are of opinion, that all the wealth of nations, is derived from the produce of land, and therefore assert, that taxes, are ultimately derived from the same source. But other philosophers, who conceive various sources of national wealth, are of opinion, that taxes are derived, from each, or all, of these several funds.

Doctor Smith, in the first part of his Enquiry, shews, that the private revenue of individuals, arises from rent, profit, or wages*; and he infers†, that every tax, must be derived, from one

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or

* See Wealth of Nations.

† Part II. Book v. Chap. 2.

or other of these sources, or from all of them indifferently. He admits, however, that taxes, are not in fact paid, from that fund, on which it was intended they should fall; and after stating four general maxims with regard to taxes, and observing, that every tax which falls on only one of these sources of revenue, rent, profit, or wages, is necessarily unequal, in so far as it does not affect the other two; he then informs us, that *he is to take no farther notice of this kind of inequality*; but that the attention will be directed, to another kind of inequality, *viz.* that kind, which arises from a tax, falling unequally, even upon that particular sort of private revenue, which is affected by it.

The four following propositions, I apprehend, contain the result, of the Doctor's opinion regarding taxes.

1st, That all taxes, on the rent of land, on its produce, or on farming stock, are ultimately borne by the landlord.

2dly, That

2dly, That taxes on house rents, cannot permanently affect building rent, but fall, on the tenant and ground rent, proportionally, as circumstances determine.

3dly, That taxes on the wages of labour, do not affect the labourer at all. Such taxes must be advanced, (even with an addition,) by the employer ; and fall on the landlord, if the labour is employed in agriculture ; and on the consumer, if the labour is employed in manufacture or commerce.

4thly, Consumable commodities, are divided into necessities and luxuries. A tax on necessities, consumed by the labourer, falls exactly, as a tax on his wages would fall. A tax on luxuries, falls on the consumers, whoever they be.

Finally, Some taxes, are accumulated ; and fall heavy upon the bearers of them, in proportion to the number of hands, through which they go, in their passage to that class of men, on whom they ultimately fall.

S E C T. VI.

General Reflections from this Review.

WE shall afterwards have occasion to remark, on some of the particular opinions, which have been just stated. In the mean time, I shall make the following observations on the general aspect of the subject.

1st, This question, respecting taxes, has not arisen from experience, in the business of internal taxation; and the conclusions regarding it, are still hypothetical and uncertain.

This will appear, when we consider, that as the question originated with rival traders, so its various succeeding aspects, have sprung, from
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the theories of the speculative. The early division of citizens, into landlords and merchants, first set these two classes at variance, with regard to taxes. The balance of trade, suggested the idea, that taxes on consumable commodities, ultimately fell on the idle. The ingenuity of the French œconomists, derived all taxes from the produce of land. And a very enlightened philosopher, of the present age, states three different funds, from which taxes may be derived. He does not, however, agitate the question, (as preceding theorists,) between the different sources, whence they were to be derived. A more attentive view of the subject, probably, pointed out to him the unprofitableness of such a speculation. He therefore leaves this division immediately, after making it, telling us, that he would not further notice, the inequality of taxes, as affecting the various sources of national wealth; because taxes are not in fact paid, out of the fund, whence they are intended to be derived. He therefore adopts another arrangement, more accurate than his preceding theory could have suggested, evidently founded, on the nature of taxes themselves; the nature of their subjects; and the

the situation of the persons, from whom they are originally levied. But even this way of determining the question, ingenious and accurate as it seems, cannot enable us, to give a true answer to it. It should be remembered, that besides these abstract tendencies, there are other, and more powerful circumstances, occurring in the business of a great nation, whose contingent and unforeseen effects, are continually coming in, to prevent taxes from falling, in the manner we should be ready to suppose.

2dly, As this question, has not arisen from experience, in the business of internal taxation, so its determination, is not immediately necessary to the practical financier.

One great object of political œconomy, is to supply the state with a revenue, sufficient for the public services. But this can only be procured by a right application of taxes to their subjects. If we fail here, a tax may be oppressive, in some degree, which otherwise, would have yielded a safe, easy, and productive revenue. It is clear, however, that the most perfect knowledge of the
fund,

fund, on which a tax will fall, can never instruct us, how we are to apply it, in the best manner, to its subject.

S E C T. VII.

Uses of this Speculation.

THE immediate consequence, of the speculations, respecting the manner in which internal taxes fall, has been, to rouse the attention of citizens, to every proposal for a new tax; and to set those in opposition to it, on whom it was supposed ultimately to fall.

But the uses, to which speculative men apply it, are,

1st, To prevent the financier, from discouraging the exertions of those, who are employed in cultivating

cultivating, what they judge, to be the most valuable and productive fund. And,

2dly, To point out, the most economical way, of laying on taxes.

It is by no means a new opinion, that taxes, in passing from hand to hand, accumulate, like a snow-ball, till they come to the last payer. Sir Matthew Decker entertained this opinion, with respect to taxes, on consumable commodities in general, and Doctor Smith, thinks it perfectly just, with regard to all taxes, on the wages and necessaries of labourers. If a tax of sixpence, on what is a necessary article to the labourer, will cost the landlord, on whom it ultimately falls, a shilling, it would be much better, at once to tax the landlord in nine-pence. For in this case, he would pay less, and the Exchequer would receive more. But though upon these principles, the nine-penny tax would certainly be the most economical, and one would think, most agreeable to all parties, yet we don't find, that landlords are willing practically to acquiesce in the doctrine.

S E C T.

S E C T. VIII.

*Of the different Description of Citizens, on whom
Taxes may be said to fall.*

IN the days of ignorance, it was imagined, that taxes, levied on articles of merchandise, were an abridgement of profit ; and, consequently, *fell* on the merchant. But it was afterwards discovered, that merchants added these taxes, to the price of their goods, and received them back, often with a profit, from their customers. Merchants or manufacturers, therefore, are now considered, as the *advancers* of taxes merely ; and consumers of taxed articles are in general said to be the persons on whom taxes ultimately fall.

I do not think, however, that this language, is sufficiently precise, to mark the different situations

tions of citizens, who pay taxes on consumable commodities. It will afterwards appear, that some consumers have, from their own particular situation, or from the state of the society in which they are placed, a very liberal, though an indirect relief, afforded them from their taxes, while others may be obliged to pay taxes, without any such relief; as these situations are, in their own nature, so materially different, we ought not to class them together, by applying to them the same language.

I shall therefore call consumers of the first description, *Payers of Taxes* merely, though they pay them without any direct retribution. And those of the second description I shall call *Bearers of Taxes*, because on them, taxes do really fall.

C H A P. II.

Of the Division of Labour, the Invention of Machines, and other Improvements, as they create Funds, for the Payment of Taxes.

S E C T. I.

Introduction to the Chapter.

THE load of taxes, which Great Britain has shewn herself capable of bearing, is a striking fact, to the political observer. Her present national debt, and taxes, would have ruined her, it is presumed, a century ago, and yet she seems, as thriving and happy, under all her present load, as she was formerly, and is, perhaps, really as little oppressed, with a debt of two hundred and fifty millions, as she once was, with one of fifteen millions.

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This difference, cannot surely be accounted for, in any other way, than by referring it, to the great improvements, which have taken place in the nation; and it seems directly to our purpose, to trace, how improvements have operated so wonderful an effect. If we are successful in this, we shall unfold the causes, which have enabled the country, to sustain such an accumulated load, with so much ease, *i. e.* to tell, out of what funds, the taxes have been derived; in other words, on what they have principally fallen.

The great improvements in society are, the invention of machines; the subdivision of labour; and superior dexterity, exertion, and skill, in those, by whom the business of the society is carried on. These circumstances, lie at the root, of all the improvements of society. Without them, there could have been no difference amongst mankind. The distinction of savage and citizen, would have been unknown. And to them, as to their spring, we are to trace all the advantages, which a civilized state affords. They are the efficient causes of the riches we enjoy. And if so, they must also furnish, the
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supply of our taxes, which are a part of our wealth.

These improvements, therefore, may enable the same number of people, to sustain taxes, indefinitely greater at one time, than at another, in proportion to the degree, and success, with which each of them have been cultivated.

S E C T. II.

Of Machines, as furnishing a Fund, for the Payment of Taxes.

IF a person applies a machine to any work, and if this machine just gains as much, *i. e.* saves as much labour, as to defray its own expence, one would not say, that the proprietor, had lost any thing by the machine, or that the expence of it, had fallen upon him. It is only in the case, that
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the machine, did not earn its own value and expence, that we could say, it was a burden on the proprietor, and that he had borne the expence of it. But if the machine gained, twenty times more to the proprietor, than it cost him, far less would we say, that its cost fell on him; and though he should pay, a twentieth part of its profits, to a patentee, for a licence to use it, it would not be said, that this licence, was a burden upon him. In such a case, the machine, with the greatest propriety might be said, to furnish a fund, sufficient for all these expences; and the proprietor, who on this supposition, gains nine-tenths of the whole work of the machine, would never be said, to bear any of its expences. But the expence of a premium, to a patentee, for the use of a particular machine, is precisely analogous to taxes on similar improvements in society at large. And if, in consequence of general improvements, a person's situation, is on the whole better, and more prosperous, (even including a tax,) than it was before it, that tax, ought not to be said, to be borne, or to fall upon him, though he pays it.

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But further to illustrate this idea. Let us suppose a brewer, to have one hundred barrels of strong beer ; that a tax on it of one shilling *per* barrel, has been paid by him ; and that the price of ale falls a shilling *per* barrel, *i. e.* including the tax, he can get no more for his ale, than he got, before the tax was imposed. In this particular case, the brewer would not only advance, but pay the tax, and that too without retribution. But let us further suppose, that just at the time he began to brew these hundred barrels, he had applied machinery to his brewery, which enabled him, to carry on his work, at a rate so much cheaper, that he could afford to sell his ale two shillings the barrel lower than formerly ; and that sixpence *per* barrel was fully adequate to the expense of the machinery. In this case, though he actually paid the one shilling of tax, out of his profits, including his gains on the machinery, it could not, with any propriety be said, that it had fallen upon him, because he is in no worse a situation in point of profit, than before the tax was laid on, even though he sells his ale, as cheap after the tax, as before it. In such a case, nobody would be affected by this tax. Consumers get

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their ale, at the same price as before; the trader's profit is not diminished though he pays the tax; nobody in short, pays it without retribution. It falls on nobody. The improvements in the brewery, afford at once, a compensation for the ingenuity and expence of the machines, and sustain this branch of the national revenue.

Thus, if machines were applied to a manufactory, so as to enable the trader to sell his goods as cheap after a tax, as before it, they would directly and immediately sustain taxes, and prevent them from even appearing to fall, on any description of citizens. This, however, is very seldom the case; and though it may happen, in some kinds of manufactures, as that of hardware, it could scarce ever happen in a brewery.

But though machines, seldom so obviously, and directly, relieve the people of taxes, yet they often do it as really, in an indirect and partial manner. To illustrate this, let us suppose, that no such improvement had taken place with
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the brewer, as we have been supposing, and that the tax had been added to the price of the ale. But still, similar improvements among the consumers themselves, would have the same effect, as to each class of them, that an improvement by the brewer, had upon the whole. If the consumer is a manufacturer, and has introduced machines into his manufactory, which afford him a saving, equal, or more than equal, to the advanced price of his ale, this improvement, will free himself of the ale, and prevent him, from burdening his customers with it. If he is a farmer, a similar improvement in agriculture, would have the same effect upon him, enabling him, both to sell his grain as cheap, and pay as much rent, as heretofore. If he is a workman, the same circumstance, (the invention of a machine,) may enable him, at once, to give his employer more work for the same wages, and himself to drink more ale, even after the tax, than without the improvement, he was able to do before it.

S E C T. III.

*Of the Subdivision of Labour, as furnishing a Fund
for Taxes.*

IT is not easy, perhaps it is impossible to compute, the immense advantage, gained to society, by the subdivision of labour. A pin-maker, it is said, can make at the rate of 4800 pins in a day. And it is computed, that he can certainly make 240 times, perhaps 4800 times more pins in consequence of the subdivision of labour, than he could have done without it*. But what is a tax of 10, 20, 30, or even of 130 *per cent*, when compared with such an improvement?

The subdivision of labour, is that improvement, which of all others, we owe to the peace and security

* See Smith, Book i. Chap. 1.

curity, afforded by good government. A part of the advantages derived from it, is justly due to the power which insures them, and they are well able indeed, liberally to reward Government for its protection.

Observations similar to those which occurred, when speaking of machines, are applicable to this subject. This species of improvement may take place,

1st, In the manufactory of the taxed article. In this case, the improvement would immediately and directly, furnish the fund for the tax, and prevent it from appearing, to affect any of the consumers ; or,

2dly, A tax may appear to affect all the consumers of an article, when, perhaps, a sub-division of labour has taken place in the particular business of each class of them. And in this case, these sub-divisions, will enable them to relieve themselves, and, consequently, not to load their customers

customers with the tax, on that part of the article, which they severally consume.

S E C T. IV.

Of superior Dexterity, Skill, and Exertion, as furnishing Funds for Taxes.

SIMILAR remarks occur, on this part of the subject, which presented themselves under the two former sources of improvement.

Superior dexterity and skill, are the immediate consequences of the sub-division of the arts. A man accustomed to repeat the same kind of work, does it with much greater facility, than when he is obliged to change his hand to two or three operations ;

rations; and the wonderful effects of this, was remarked when speaking of the sub-division of labour. With regard to superior exertion, it is altogether the fruit of that spirit, which is inspired by liberal reward on the one hand, and security on the other. A common labourer, when working by the piece, will exert himself so, as to earn more than three times the money, he would have done, if working by the day, while his employer, perhaps, gets a third more work, for the same wages.

This species of improvement, may operate a relief from taxes, in the manufactory, where they are originally levied, or more indirectly, among the different classes of consumers, as was stated in the two former Sections.

S E C T. V.

Of the Reduction of the Rate of Profit, as furnishing a Fund for Taxes.

BUT besides these particular improvements, there is a general one, which perhaps is the result of the whole, and which may sometimes furnish a fund for taxes; I mean the lowering of the Rate of Profits.

We have seen*, that the rate of the profits of stock lessens with the increase of capitals. A manufacturer may now, perhaps, pay his workmen a third more wages, than he did 30 or 40 years

* Enquiry 1st.

years ago. The rate of his profits, we shall suppose, has diminished, exactly in proportion to the increase of wages, and still he may be no loser. Perhaps he is making a fortune, with greater rapidity. The extent of his market, and the quickness of his sales, are more than a counterbalance to the rise of wages. He pays these additional wages; in one sense they fall upon him, for they are taken from the rate of his profits, and yet he does not suffer from them. This, however, is seldom the fact. High wages, are generally accompanied, with an increase in the productive powers of labour, which more than compensates them, and the lowering the rate of profit, very commonly goes, to reduce the price of commodities. It may however go, to the payment of taxes. We may suppose a tax, to be laid on, in a department, where, in the progress of wealth, profits were about to be lowered. If this tax, was just equal, to the reduction of the rate of profit, that was about to take place, then common rivalry, would induce the dealers, to pay the tax, and yet sell their goods as heretofore. In this case, the circumstances which were to produce a fall in the rate of profit, would furnish

nish the fund for the tax, and every thing else would remain in the same situation, as before the tax was paid.

S E C T. VI.

Of the general Influence of Improvements, in furnishing Funds for Taxes.

BUT in order to shew, that improvements furnish funds for taxes, it is not necessary, that we should be able, accurately to trace the manner, in which improvements insinuate themselves through society ; nor how a tax is diffused, among the various classes of citizens.

I do not pretend, to trace all the effects of any one of the improvements which have been mentioned,

tioned, far less can I form an idea, of the effect of their combined operation. But they no doubt operate a general and circuitous effect; and will sustain taxes, wherever they are diffused in society. Every individual uses articles, which are capable, in consequence of improvements, of being brought cheaper to market; *i. e.* any one, or all of the articles of his consumption, may be afforded him, in exchange, for a less quantity of his labour, in proportion to the extent of improvement, which has taken place in each.

This reduction of the *real* price of one commodity, enables a man to give more of his labour, in exchange for another, in which, perhaps, similar improvements have not taken place; or it may enable him, to pay a tax, without being the worse for it, not only when the tax is laid on the article, whose price has fallen, but when the tax is laid on a subject, whose price has not changed. An example, will best illustrate my meaning. If a manufacturer or labourer gets no more for his commodity, or labour, after a tax has been laid on his ale, than before; if, moreover, no improvements have been made in his
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manufactory, or his productive powers, we would (extending our views no further than our former suppositions) say, that he pays the tax, or it has fallen upon him. But still we may err in this conclusion; for he may get his cloth of all kinds, his hardware, &c. really cheaper than before, and so as to be more than a compensation, for the tax on his ale. In this way, a tax on the rent of land, even where no rise in the rent has taken place, may be compensated to the landlord, by the reduced price of the articles of his consumption. A consequence of the peace and security, which good government confers upon him, in common with his fellow citizens.

But if all ranks, from the highest to the lowest, procure their necessaries and conveniencies more easily now, than they did fifty years ago, while they pay the additional taxes which have been levied since that time; we may conclude, that this takes place, in consequence of the improved estate of the society, which enables the employers, and the employed, to fulfil their respective duties to each other, with greater ease, under heavy taxes, than they could do formerly, under
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lighter ones. And in this case, it is rather the improvements, and thriving situation of the society at large, that may be said to sustain the taxes, than the individuals, who merely pay them.— This would appear, were we to consider the situation of men, in a declining society. Poor and miserable, from the state of the community in which they are placed, they are unable to support themselves, far less to support taxes. In such a state, taxes will only serve to aggravate their distress. But in a thriving society, where improvements are carrying on, and where the real value of articles is daily lessening, every one is enabled, to bestow a greater part of his labour, (or of the price of it), to maintain the State, while at the same time, the remaining part of it is perhaps better recompensed than the whole was before.

When luxuries abound in a state, and expence even amongst the lowest orders increases, we don't say that this is a burden, or falls upon a people, whose improved situation can afford it. But we say, that the improved state of the society, enables them to live in such a manner, and supports,

ports, or furnishes them with these enjoyments, and the means of providing them. And is it not the same circumstances, which enable a nation, to bear the expence, of more costly magistrates, more splendid fleets, and more numerous armies?

I am now to mention two inferences from the doctrine of these sections.

S E C T.

S E C T. VII.

First Inference.

IT follows, from what has been said, that when improvements in a state are numerous; when the invention of machines, the sub-division of labour, and greater exertion and skill are taking place, in every department, a tax will be lightened, the more hands it goes through. It will be absorbed, as it were, by every improvement, and be lightened, or annihilated, according to the degree, and number of the improvements which it meets with; *i. e.* instead of becoming heavier, taxes will become lighter, in proportion to the number of hands through which they pass, in a thriving society.

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S E C T. VIII.

Second Inference.

THIS doctrine, enables us to point out, the impropriety of determining the question we are now considering, by comparing the present situation of men paying taxes, with what we may suppose, their situations would have been, had no such taxes existed.

Philosophers of the first talents, have fallen into this error.* They knew taxes must fall somewhere, *i. e.* be paid out of some fund. But they see all ranks of a thriving people, prosperous and happy, in spite of their taxes. Whence then are they derived? They do not point out the fund, which

* Even Dr. Smith himself has not escaped it. See his *Wealth of Nations*, Book v.

which in this situation, really sustains them; and in order to give an answer to the question, they tell us, that were it not for a particular tax, such a class of men, would be still richer, and more thriving, than they now are: therefore the tax falls upon them. But had they duly considered, how the improvements of a country bear taxes, they would not have given this inaccurate account of the subject. If indeed the peace and security, afforded by good government, have enabled men, only to preserve themselves, in the self-same situation for many years; and if an additional tax, paid by them, really reduces their income, or abridges their conveniencies, a tax in such a case, may be said to fall upon them. But if society is advancing; if taxes are borne by improvements; then this account of the manner in which they fall is not only untrue, but mischievous. Taxes are a compensation, for the blessings of government. If in a course of years, the peace and security afforded by Government, have enabled an individual, or class of men, (or others for them), to make improvements, by which they either increase their fortune, or get more in exchange for it, they ought in justice, to

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pay a small part of the advantages, they have thus obtained, to that government, which has conduced so much, to their obtaining them. If in this situation, a new tax should take a part of such gains from them, I would not say, that the tax falls on them, because it renders them less rich than they would have been ; but comparing their situation before the improvement, and before the tax, with what it is, since both took place, and finding it now better, than it was before, I would say indeed, that they pay the tax, (if I could be sure they really did so), but not that it falls on, or is borne by them. It is more necessary to make this distinction, because if we express ourselves in the common way, we shall confirm the prejudice, that taxes must oppress some class of the people, and thereby prepare them for opposing every new tax, that may be proposed : and though it cannot be denied, that taxes have very seldom, or never fallen, as the legislator intended, nor have been followed by the consequences, that have been predicted of them, yet so long as the people feel themselves interested in the subject, they will always be ready to give ear, to the most vague speculations respecting

specting it: A man of ingenuity can easily shew, by a few plausible suppositions, that a tax will fall upon almost any class of citizens; and the most distant probability of this, is sufficient to rouse that class to violent opposition to it. New taxes appear dreadful to those who imagine they are to fall on them. Nothing but experience can shew them their mistake; but their opposition prevents this experience. For as men are less afraid, of an addition to a tax, which they have once known, than of a new tax, whose effects they have never experienced, financiers have found it much easier, to lay on additional than original duties: and this circumstance, has contributed not a little, to drive them into the over-tax system.

C H A P. III.

Influence of Taxes on Improvements.

HAVING said so much on the influence of improvements on taxes, I cannot avoid making a remark, on the influence of taxes on improvements.

It has been said, that taxes on consumable commodities, necessarily occasion some obstruction, or discouragement, to certain branches of industry.* The dearer, for example, the Birmingham manufacturer buys his foreign wine, (in consequence of taxes on it,) the cheaper he necessarily sells, that part of his hardware, with which, or with the price of which, he buys it.

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* See Smith, Vol. III. Book v. Page 328.

That part of his hardware, becomes of less value to him, and he has less encouragement to work at it.

It will readily be allowed, that the dearer the manufacturer buys his wine, the cheaper he sells his hardware, but it does not follow, that he has less encouragement or *stimulus* to work at it. It is true indeed, he has less price for it, but this surely, (if he will have wine,) must rouse him to more vigorous exertions. It must stimulate his ingenuity, to increase in quantity, so as to make up what he loses in the price. It is something similar, to the lowering the rate of profit among merchants. This circumstance induces them, not to contract, but to extend their business. In the case of the manufacturer, his encouragement depends, more on the security with which he works, and enjoys his earnings, than on the high price, at which he sells his work. The less a man gets for pointing pins, he must do the greater number of them. Hence I cannot subscribe to the conclusion, which has been drawn, " That all
" taxes on consumable commodities, tend to re-
" duce the quantity of productive labour, be-
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“ low what it otherwise would be.” On the contrary, I think it tends, rather to increase the quantity; and that though taxes, undoubtedly stunt the effects of improvements, (by preventing the accumulation of productive stock,) they do not check, but rather stimulate, improvements themselves. A man may in some degree be less liberally rewarded for his labour or ingenuity, by the amount of a particular tax, or of all his taxes; but if his property is secure, this will stimulate his exertions, and excite, rather than depress, his ingenuity, to make further improvements.

C H A P. IV.

*Of Demand, as it regulates the Manner in which
Taxes fall; and as it is affected by them.*

S E C T. I.

Introduction.

WHEN improvements do not operate a relief from taxes, Demand is the circumstance, which determines, on whom taxes immediately, or finally fall.

This might be pointed out, by shewing, that the conclusions of philosophers upon this subject are all founded on suppositions, either expressed or implied, respecting the state of Demand. But it will appear, perhaps, to greater advantage, while we attempt to trace,

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1st, The general influence, of a thriving and declining state of society, in determining, where taxes fall.

2dly, The general causes of Demand, as applicable to this subject.

3dly, The influence of taxes on Demand, and,

4thly, The particular manner, in which Demand operates relief from taxes, to advancers, and to consumers.

SECT.

S E C T. II.

The general Influence of a thriving and declining State of Society, in determining where Taxes fall.

THE general state of Demand, is the circumstance, which determines, whether a commercial nation, is in a thriving or declining situation.

If landlords, find the rent of their land rising ; if at every succeeding lease, the farmer is willing to give him more rent, and is still in a thriving situation ; if the merchant and manufacturer, find an encreasing demand for goods of every kind, and the purchasers ready to pay the prices which enable traders to succeed in their business ; and if labourers, have plenty of work, liberally rewarded by high wages, we would say, this was a thriving society ; and it is evident, that the brisk and growing demand for every thing, which

which the different classes of men have to dispose of, is the immediate circumstance, which renders it, or at least indicates it to be, in a thriving situation. But all this may, to a considerable degree, be going on, though very numerous and heavy taxes, be levied from the people. In such a case, taxes (wherever they may be supposed to fall) will not at least be felt, as a burden on the people, who may be cheerful, thriving, and happy, in spite of them.

But society may admit, of a very different description. The farmer may be supposed, to languish and to fail; the landlord, may be obliged, to content himself, with less rent for his land; the labourer, may be in a starving condition for want of employment, and be under the necessity, to labour for a hire, inadequate to his support; the manufacturer and merchant, may have no market for their goods; they may lose by their trade, instead of gaining a reasonable profit; and all this we may conceive to exist in a society, where there are no taxes. But if, in such a state of society, taxes were levied, from any, or all of the ranks of it, they would only aggravate the misery,

misery, of the situation we have been describing. A situation so wretched, however, could not long continue. Evils often contain their own cure, and taxes by aggravating, may, in some cases, be supposed to accelerate the remedy. A tax on the already half-famished labourer, would complete his ruin. It would still more diminish the number of labourers, till the almost total want of them, would procure subsistence for those that remained. A competition for them, *i. e.* a demand for them, would be excited, and their wages and comforts would rise in proportion.

But if the influence of Demand, with regard to this matter, be so great and extensive; if a brisk demand prevents taxes, from falling any where, and if a generally feeble state of the demand, would make them fall, on almost every rank and description, it will be of importance to enquire, a little more particularly, into the causes of Demand, which, it seems, has so powerful an effect, in determining, where taxes will fall.

S E C T. III.

Of the general Causes of Demand.

THE circumstances which excite and enfeeble Demand, are the powerful causes, of the prosperity and decline of modern nations. They shut up, or open the channels of commerce; and though they may sometimes be traced, after they have operated their effects, yet these effects are so contingent and uncertain, depending on the coincidence, of so great a variety of other events, that it is perhaps impossible, certainly to foretell, how the same causes would operate, in any other situation, than in that precise one, in which they have been already observed.

But it is by no means of importance for us, to point out, the various circumstances which create

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or enfeeble Demand. It is sufficient for our present purpose, to remark, that it may spring from one of two general causes, *viz.* an extension of the market, or a deficiency of supply.

S E C T. IV.

Influence of Taxes on Demand.

THE demand, that arises from extension of the market, is surely not connected with taxes, as its cause. On the contrary, taxes rather tend, to prevent an extension of the market, in the society where they are imposed. Yet markets often extend in opposition to taxes.

But demand may be excited, by a deficiency of supply; and it must be confessed, that taxes, have the general tendency, to stunt demand, and thereby to diminish the supply, of the article on
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which they are laid ; thus perhaps, it is in their nature, to produce in some degree, (though always in a circuitous manner,) that sort of demand, whose cause is deficiency of supply.

Speculative men, however, have, in general, attributed to taxes, by far too great a power, to create that sort of demand, which arises from deficiency of supply. Their opinions upon this point, have been strengthened, if not created, by the following circumstances.

1st, By observing, the often successful efforts of merchants, to monopolize, and raise prices, on the imposition of new taxes. ' When a tax is laid upon goods, merchants seldom fail to raise their price, so as to compensate (and often far more than compensate) the tax. If there should be difficulty, in procuring this advanced price, they generally combine to stimulate the demand, by supplying the market sparingly, till the competition among the buyers, make them willing to pay the advanced price. But,

2dly, Taxes may stunt demand in one of two other ways ; either by forcing the supply of the
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taxed article, into the hands of the smuggler, or by decreasing, the effective demand for it. In the first case, the effect of taxes on demand, is only apparent. In the second, it is real.

Were a moderate tax, laid on a proper subject, the revenue accounts, would pretty nearly state, the quantity of it, consumed in the country. But if additional duties are imposed, and smuggling prevails, the revenue accounts of the quantity will fall. It is not easy, however, always to say, either where smuggling prevails, or to what extent it is carried on. Hence it is, that this change on revenue accounts, has often been considered, as the effect of high taxes, which had prevented the liberal use of the commodity, and the real demand, when perhaps, if the fact had been known, it would have appeared, that there was still as great an effective demand, for the article as formerly, but that a great part of it, was supplied by the smuggler, and therefore could not appear, upon the revenue books. Authors accordingly, who have gone to publick offices, for authentick information, upon this subject, have often been misled, from not attending to this circumstance.

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They saw, that amounts had fallen, in consequence of additional taxes, and concluding that these taxes, had prevented the former liberal use of the article, they have attributed, a great deal too much, to the influence of taxes in stinting demand. And this mistake, it is presumed, has not only misled them, but induced legislators also to believe, that taxes could be rendered, a more powerful engine, in the hands of Government, both to regulate commerce, and to prevent the use of articles, than in their own nature they are capable of. But this leads us to remark, the second way, in which taxes may operate, *viz.* in really stinting the effective demand, for the taxed article. This, I am disposed to believe, seldom happens in an advancing and thriving society, where it is possible for the smuggler to interfere, and where there is no succedaneum for the article. For (as has already been shewn) the expence and risk of smuggling is the fullest amount, of the rate of the tax, which any article can bear. This expence and risk, are, consequently, the greatest discouragement, which it is in the power of taxes, to give to the use of any consumable article. But that this is not sufficient, materially to stunt the
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real demand, in so thriving a nation as Great Britain, appeared in the preceding part of this performance, where it was shewn, that the consumer, readily paid more to the smuggler, for over-taxed articles, than the taxes on them ought to have been.

S E C T. V.

Of the particular Manner in which Demand operates a Relief from Taxes, to Advancers and to Consumers.

IN order that we may have a distinct view, of the manner, in which demand operates a relief from taxes, we must consider it, as it affects traders and consumers.

When taxes are paid back to the advancers of them, in the price of a taxed article, demand may be said directly, to relieve the trader from

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them. But if the demand for another article, different from the one taxed, were to enable a consumer, to pay a tax, the demand, in this case, would act indirectly, in the relief, which it afforded.

The first kind of relief, is absolutely necessary, to enable the merchant, or manufacturer, to carry on his business, with a taxed article. The second, will enable a consumer, to continue the use of it.

A few examples, will best illustrate these ideas.

Let us suppose a brewer, to have one thousand barrels of strong ale upon hand. That a tax of one shilling *per* barrel, is laid upon the ale, and that he may raise the price just so much to his customers, because they will readily pay the tax, rather than want the ale. In this case, the brewer would be directly relieved from the tax. But if, on the other hand, he found, that after advancing the tax, he could not raise the price of his ale above what it was formerly, and yet, was under a necessity of disposing of it; though this, might drive

drive him from the market, or unite brewers to stunt the supply, so as to bring up the price, on some future occasion, yet in the mean time, the trader would suffer; nor would he immediately derive, by any of his ordinary transactions, an effectual relief, from the loss, he had thus sustained by paying the tax. When, therefore, a trader advances a tax, upon a great quantity of goods, he can receive no effectual relief from such a tax, but in a rise of the price of the article, adequate to the tax, which he has advanced; and this I call a direct relief from the tax.

It is evident, that if consumers, are ever relieved from their taxes by demand, it cannot be, in the same way with traders. If they consume an article, they cannot be reimbursed by a succeeding sale of it. The only relief they can obtain, is that which arises, from the advanced price of some other article, (different from the taxed one,) which they have to give in exchange for it. This Doctor Smith asserts, always takes place, with respect to labourers, when their necessaries are taxed. It is true, they never can get back a tax, on the necessary articles they consume, but it is

said, they always obtain a relief from it, in an advanced price for their labour.

Here then, we have two kinds of relief, which demand may afford from taxes. The one to traders is direct, in the price of the taxed article, the other to consumers, is indirect, arising from the advanced price, of something else, which they have to give, in exchange for it. I know, that this kind of indirect relief, is limited, by the very respectable author I have just quoted, to taxes on the necessaries of the labourer; but as hitherto, we have seen no reason for such limitation, we may at least imagine it competent, to other consumers also.

Let us suppose a shoemaker, carrying on his business, with a given degree of reward, which enables him to consume, a certain quantity of ale, or wine, in his family. Suppose a tax, levied on a commodity, which raises its price, and obliges the shoemaker, either to give up the use of it, or of something else, which he formerly used. In this situation, I would allow, that the tax fell upon him. But suppose, that about the
time

time of laying on the tax, the demand for his shoes was so much greater, that it enabled him, still to continue the use of his wine or ale, as before the tax, and perhaps to drink more of it than formerly. In this last case, though the tax would be paid by him, yet it could not be said, to fall on him, in the same sense as in the former, the increased demand for his shoes, enabling him to lay the additional expence, perhaps more than the additional expence, which the tax created, on the price of the shoes. This to be sure, is an indirect relief from the tax, springing from a cause very different from, and perhaps no way connected with the tax itself ; but still, it is a real relief, as if it had been direct, and is of the same nature, with the relief, which the labourer is supposed to get, from a tax on his necessaries, by an advanced rate of his wages.

But, secondly, This direct and indirect relief, which traders and consumers derive from taxes, is not the only difference, that we may observe between them. It is material further to remark, that when extension of the market, does not raise the effective demand for a taxed article, so

as

as to procure for the trader, that rise of the price, necessary for his indemnification, he has it in his power to raise it, by with-holding the supply of the market, and thus to create that demand, whose cause is deficiency of supply. This last kind of relief, traders not only will, but must procure for themselves. Sometimes it is done, by positive combinations among them; and when this is practicable, they generally sell their goods, at a monopoly price: otherwise, the interest of each individual, keeps him from supplying the market, till the demand raises the price, to what is necessary to indemnify him, and enable him to carry on his business, with the ordinary profits of stock at the time.

But it is not thus with the consumer: if extension of the market, does not procure for him, his indirect relief, he seldom or never can procure it for himself. Consumers, of any one article, are so various, in their situation and circumstances, that they seldom have a common interest; and so numerous, that they seldom could combine, to render it effectual, if they had. Take the consumers of ale; every rank in the
society

society, are, more or less, of this description ; peers and commoners, gentlemen, merchants, manufacturers, and labourers. These, though they might prevent the tax on ale from being imposed, could form no combination, to relieve themselves from it, in the indirect manner we have mentioned. Many of the classes would feel no hardship from it ; and if it did fall on any class, it would only be on that one, that happened to be unprosperous at the time ; but we seldom see a whole class at once unprosperous. And what interest, or common connection, can be supposed to subsist, between the unfortunate individuals, of the various ranks and classes, of a great and thriving people ?

But again, Dealers have often a great quantity, of the articles of subsistence, or accommodation, in their hands at one time. They are generally wealthy and independent ; and can do better by keeping up their goods, than consumers could do without them. This gives great power to the trader to raise his price ; were it otherwise, he would often run a risk, of losing a considerable part of his property, seeing he sometimes ad-

vances

vances taxes, which are afterwards repaid to him, perhaps by an hundred families.

But consumers are in a different situation. They only pay the tax which has been advanced on the small portion of the article which they consume. By refusing to exchange, what they have to dispose of, for such a trifle, they would, in general, lose much more than they could gain, while the necessity they are under, to make the exchange, would often render it impossible.

A labourer, for example, is not a rich and independent man, like the advancer of taxes. The advancer, can often keep his goods, with much less inconveniency, than consumers can want them ; but the labourer cannot so well want wages, as his employer can want labour. The labourer, therefore, can never force. It is the extension of the market, and rivalry among employers, that must force for him. He must submit to the circumstances, in which the prevailing state of society, places him.

Thus

Thus then, though consumers may be, and often are, relieved from taxes indirectly, by that demand which arises from extension of the market, they never can, like traders, relieve themselves from them, by creating that demand which springs from deficiency of supply.

It is remarkable, that these sentiments, have not been considered, with due attention, by the most accurate and popular of our philosophers. This seems to arise, from their having limited their attention, to the nature and tendency of taxes themselves, without taking into their view, the other more powerful circumstances, which are continually operating in society.

It is unquestionably true, that there is nothing in the nature of taxes, to procure that demand, which arises from extension of the market, while they contain, the direct tendency, of stinting supply, and circuitously bringing about, that sort of demand, whose cause is deficiency of supply. But here it is of importance to remark, that taxes, never operate a relief of this last kind, but through the sufferings of the contributor.

Thus,

Thus, let us suppose, that in an unthriving state of society, the wages or necessaries of labourers, were taxed, when their wages were barely sufficient, for their subsistence. The tax, in such a state of society, could not, for any great length of time, fall upon the labourers, because they would be unable to bear it: by increasing their misery, it would stunt their supply, which creating a new demand, would raise the price of labour so, as to procure for them a sufficient subsistence. But it seems to require no reasoning to shew, that this effect could not be produced, till its cause had operated. The stunting of the supply of labourers, which would create the demand for them, must necessarily be preceded, by that misery of the labourer, which is the cause of this diminution of their supply; and in such cases, I readily allow, that taxes on the necessaries of labourers, cannot be long paid by themselves. But even on this supposition, they must be paid for a certain time, by the labourer, and fall on him too, before they can operate, the effect of stunting their number, which is the supposed cause, of that increased demand for them, which finally

finally throws the tax (from them) on the employer.

Hence, I infer, that labourers pay taxes, on their necessaries, in thriving societies, just as other consumers do, or as themselves pay taxes, on their luxuries. And that we are not entitled to say, that any tax, on the necessaries of labourers, are not paid by them without retribution, until we can shew, that they have first undergone, in consequence of the tax, that degree of misery, which has operated a stinting of their supply.

Happily for Great Britain, no such account can be given, of the labourers which she employs. The general description of her people is, that they are free, thriving, and happy; and where this is the case, we may presume, that a brisk demand, throws taxes round the society, till they are absorbed, by the numerous improvements, that are continually carrying on.

But

But further, to point out the manner, in which demand relieves from taxes, we may suppose it operating this effect, where there are no improvements. In this situation, demand may be conceived, so great, and so general, as to prevent taxes, from falling any where, for a very considerable time.

To illustrate this, let us suppose a tax, on some great necessary of life, which all consume. That the demand for labour, raises its wages ; that merchants and manufacturers get their prices ; that the demand for food, &c. raises the price of the produce of land ; and that the growing demand for land, raises the rents of the land-lord. In such a case, the tax would be thrown round in a circle, by the mere force of a general increasing demand, and would, while this continued, be prevented from falling any where.

Chimerical as this idea may at first sight appear, it is what Dr. Smith says, really takes place, with regard to one tax, already well known in Europe ; I mean *Seniorage*. This tax
on

on mint money, he asserts, is advanced by all the society in their turn, and yet paid by none. The reason he gives for this is, that " money is
 " a commodity with regard to which every man
 " is a merchant. Nobody buys it but in order
 " to sell it again ; and with regard to it, there
 " is, in ordinary cases, no last purchaser or con-
 " sumer. When the tax upon coinage there-
 " fore is so moderate, as not to encourage false
 " coining, though every body advances the
 " tax, no body finally pays it, because eve-
 " ry body gets it back in the advanced value
 " of the coin." We may here observe, that it
 is not only, because every body is a merchant,
 with regard to money, that nobody pays the tax
 upon it, but because the demand for it seldom
 or never fails. He is nearer the truth, when he
 attributes this non-payment of the tax, to there
 being no last purchaser. But there being no last
 purchaser, implies a continual demand. For
 wherever the demand fails, there will the tax be
 found to fall. An example will best shew this.
 If a bullion merchant carried a quantity of gold
 to the mint, and paid a Seniorage of 8 *per cent.*
 when

when it was returned to him in coin, he would no doubt, upon circulating it, receive back this tax. But if, immediately on his receiving it from the mint, some extraordinary accident should occur, to prevent the circulation of the coin, so that the gold, should no longer be in demand, in that form, then, though he was still a merchant, equally willing to sell as before, yet his being the last “ purchaser,” that is, his having no demand for the article, in the state of coin, would oblige him to sell it as bullion, and thus force him, to bear the tax.

But though *Seniorage*, is the only tax, which is said to fall on nobody, yet other taxes also, have been considered, as capable of being thrown, from hand to hand, till they come to those, on whom they were supposed ultimately to fall. This Sir Matthew Decker supposed, with regard to certain taxes which he mentions; and Dr. Smith (as was already observed) says, that the same thing takes place, with regard to those taxes, on the necessities of life, which are consumed by labourers. But if the supposed last payers of taxes, be conceived to be in a thriving situation,

situation, and to have a brisk demand, for what they have to dispose of, they will be relieved from taxes, as certainly, as any of the previous advancers of them.

It must be confessed, however, that no society is ever so thriving, but partial suspensions of demand, are frequently taking place in it; and where this happens, the ruin of many individuals, is often the unavoidable consequence. These cases, however, would happen, were there no taxes; though I do not deny, that the taxes, which are levied in the country, both accelerate, and aggravate the ruin, of unfortunate individuals.

Upon the whole then, it appears, that both traders and consumers, may be relieved from taxes, by a brisk state of demand. The one directly, in the advanced price of the taxed article, the other indirectly, in the advanced price of something else, which he has to give in exchange; and that this may happen to both, by an extension of the market, keeping up the demand, and the price, of what each has to dispose of. That
when

when this does not take place, traders combine to with-hold the supply, or individually leave off supplying the market, to create that demand, whose cause is deficiency of supply. That this cannot be done by consumers, whose only relief from taxes, must arise from extension of the market ; and that this relief is generally afforded, in thriving societies. But when it does not arise to them in this manner, the relief afforded to them, by deficiency of supply, can only be procured by their sufferings ; and, consequently, we are not entitled to say that taxes have not been paid by labourers, until we shew, that their supply has been stunted, by that previous misery, which is necessary to produce it.

S E C T.

S E C T. VI.

Inference.

IT is the doctrine of this chapter, that the state of demand determines, on whom taxes on articles of immediate consumption fall. In stationary and declining societies, they would fall universally on all ranks; and in thriving societies would attach themselves to those citizens who are unprosperous at the time. Taxes, therefore, do not fall on any fixed fund, class, or rank of the people as such; nor according to any tendency in taxes themselves, which are generally counteracted, by other tendencies, of a more powerful kind.

It follows, that all speculations, whose object is to shew, on what fixed fund, or class, taxes must fall, are vain and unsatisfactory, and will

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be generally disproved (as they almost always have been) by experience. Further; when taxes aggravate distress, as it cannot be permanent, so the manner, in which taxes fall, must vary, with the ever-fluctuating situations, of unfortunate individuals.

C H A P. V.

*An Examination of some prevailing Opinions respecting the Manner in which Taxes on the Necessaries of Life fall.**

DR. SMITH says, that all taxes on consumable articles, fall on the consumer, except those, which affect the necessaries of the labourer†. But taxes, on these, he thinks, are advanced to the labourer, by his employers, whether they be traders or farmers. If by traders, then the tax falls on the consumers of the article, produced by

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* To save the trouble of frequent references, the reader will find the particular opinions, which I here take the liberty of examining, delivered in Dr. Smith's truly ingenious Enquiry into the Nature and Causes of the Wealth of Nations; Book v. Chap. 2. Part. II. Articles 3d. and 4th.

† The Doctor sometimes uses the words *Labouring Poor*; if his doctrine were limited to what this expression indicates, I should not have occasion for the present examination.

the labourer. If by farmers, they fall on the rent of the landlord. But taxes on the luxuries of the labourer, he thinks, are paid out of the liberal reward of labour; and fall on the labourer himself, on whom they act as sumptuary laws.

As I intend to examine these opinions, rather on the Doctor's own principles, than by the doctrines we have been explaining, it will be proper to consider, the definition he has given, of necessaries and luxuries. This is more necessary, because, unless we are at one with regard to the meaning of these terms, we cannot agree in argument, though we should agree in opinion. By classing necessaries among luxuries, and luxuries among necessaries, we may make the appearances of nature, if not to justify, at least not to contradict, any theory we may have adopted.

“Necessaries,” says Dr. Smith, “are those
“things, which custom has rendered decent to
“have. Luxuries, are those things, which a
“man

“ man may use, or not, without reproach.
 “ Thus a linen shirt, and leather shoes, are ne-
 “ cessaries, in England ; for it would be reproach-
 “ ful, for the meanest of the people, to appear
 “ without them. But leather shoes are not a
 “ necessary in France, where no such reproach
 “ attends the want of them. But ale in England,
 “ or wine in France, are not necessities, because
 “ a person may abstain from their use, with-
 “ out reproach.”

Perhaps this is the best definition of necessities and luxuries that ever was given, by a political writer, and yet it is obvious to remark, that something different from mere decency, should enter into a definition of necessities and luxuries, in a fiscal view. In this view, it appears more important, to class commodities as necessities and luxuries, by their use, in enabling labourers, and workmen, to fulfil the duties of their station, than by what they require, to be decent ; as indeed their appearing decent, is a consequence of their being, in the first place, supplied with those
 other

other, and more important articles, which are necessary to enable them, to perform their labour.

It is indeed true, that no man in England would be less esteemed, if out of choice, he did not drink ale ; but it will not be disputed, that unless the porters, and other workmen in London, did drink porter, or some such beverage, they could not perform a third of the labour they now undergo. I have been told, that a coal-heaver working by the piece, can earn ten or fifteen shillings a day, and that during that time, some of them drink twelve bottles of porter.

Ale in England, is to the labourer, what a spring is to a machine. It enables him to work much more than a linen shirt, or a pair of shoes ; and in this respect is more necessary to him, as a labourer, than either of the others.

If this criticism is just, it immediately overturns the Doctor's theory, respecting the manner in which taxes fall. He observes, that the wages
of

of labour are always regulated by the demand, and by the price of the necessaries of life. And hence concludes, that whatever raises the price of the necessaries of life, must necessarily raise the wages of labour. Malt was taxed in England in 1760, and ale in 1761, and yet the price of labour in London, as himself acknowledges, was not raised, by this very great addition to the taxes on porter. But if the Doctor had called ale a necessary in England, this fact would have overturned all his doctrine about taxes; and must have prevented him, from attempting to demonstrate, the pernicious consequences, of a tax upon necessaries. But he ranks ale, with the luxuries of tea and sugar; and gives it as a certain truth, that a tax on leather, or soap, which he calls necessaries, has more effect to raise the wages of labour, than any tax that could be laid on porter.

Having thus got free of the objection, which this fact might have suggested to his theory, he continues to shew, that all taxes on necessaries, would fall on the consumer or landlord, because they operate precisely in the same manner, as a direct

direct tax on the wages of labour would do. It is necessary therefore, that we know how a direct tax on wages operates.

“ While the demand for labour, and the price
“ of provisions remain the same, a direct tax on
“ the wages of labour, (the Doctor says,) can
“ have no other effect, than to raise them some-
“ what higher than the tax.” But why “ some-
“ what higher than the tax?” Because, “ sup-
“ posing the labourer’s wages ten shillings *per*
“ week, and that they were taxed a fifth part, it
“ would require not two shillings, but two shil-
“ lings and sixpence, to keep the labourer alto-
“ gether free of the tax*.” But this depends
on the construction put on, “ a fifth part of the
“ wages,” so that the answer to the question,
consists merely in a right interpretation of the
words of the law, imposing the tax. If the tax,
is meant to be a fifth of the labourer’s wages, at
the time of laying it on, then two shillings, and
two shillings only, is all that is necessary, to be
advanced

* The wages, including the tax, are supposed to be paid by the employer to the labourer, who afterwards pays the tax to the Revenue officers.

advanced to him, in consequence of the tax.— But if the law means, a fifth part of his wages, at the time of levying the tax, (after the tax has been added to his wages,) then it will no doubt require two shillings and sixpence of additional wages, to keep him free of the tax, because two shillings and sixpence, is precisely a fifth part, of twelve shillings and sixpence; and leaves the labourer ten shillings of free wages, as before laying on the tax. Hence it appears, that if the law is clear and express, it is not necessary, to pay the labourer *more* than the tax, to keep him free of it; and all the Doctor's reasoning proceeds on an ambiguity, arising from the proportion, which the supposed tax is to bear, to the wages of the labourer. From the conclusion just stated, however, it is inferred, that such taxes, are aggravated by this additional advance, which it is necessary to make to the wages above the tax, to keep the labourer free from it.

The Doctor proceeds to observe, “ That taxes
 “ on luxuries, do not necessarily diminish, the
 “ ability of the lower ranks, to bring up families
 “ that on the sober and industrious, they
 “ act

“ act as sumptuary laws: that though those that
“ are disorderly, may ruin themselves, by con-
“ tinuing to use, what they cannot afford, yet,
“ as in general, they bring up few children, and
“ these dissolute like their parents, they are not
“ much to be regarded. As such taxes, there-
“ fore, would not much diminish, the power of
“ the sober to bring up families, they do not
“ stunt the supply of labourers, and therefore
“ can have no tendency, to raise the price of
“ labour, which the want of labourers would
“ infallibly do: but that any rise on necessaries,
“ unless compensated by a rise on wages, must
“ necessarily diminish the power of the poor to
“ bring up families, and thus by stunting the
“ supply of labour, must necessarily, at last raise
“ its wages.”

But however just and proper this distinction, respecting taxes on necessaries and luxuries, may be, on the supposition, that the labourer had mere necessaries, yet it seems to be of no importance, where the reward for labour is liberal, as it is in England. In this case, a tax on the luxuries, or necessaries of the labourer, will have the same

same effect. The industrious and sober, if their necessities were taxed, would have less to bestow upon luxuries after, than before the tax upon them; therefore a tax on necessities, would act as a sumptuary law, as certainly, and indeed more certainly, than a tax on any one of their luxuries: and as for the dissolute, the Doctor himself says, they are not to be regarded. I say, it would act more certainly as a sumptuary law; for a tax on one luxury, might only drive the labourer, to the use of another, but a tax on a necessity, (as necessities must be had,) would directly diminish, what he had to bestow on luxuries.

It is true indeed, that by supposing a tax on necessities, to be taken out of the liberal reward of labour, we leave the Doctor's supposition, that the demand for labour, (effective demand I suppose,) is the same after tax as before it. But still, preserving his supposition, the labourer would have it as much in his power, to free himself of a tax on a luxury, as on a necessity.

The effect of taxes, therefore, on necessities, to stunt the supply of labourers, must be limited
to

to situations, where the reward of labour is barely sufficient, to keep the labourer in existence. But where the reward of labour is liberal, taxes on necessaries and luxuries, even on the Doctor's own principles, have the same effect on the labourer; they both act as sumptuary laws, and the distinction that has been made, between necessaries and luxuries, in thriving societies, has had no other effect, than to cramp the financier, by limiting the subjects of taxation.

Finally the doctrines we have been delivering, prevent us from harbouring the idea, that in thriving societies, certain taxes are accumulated, in passing from hand to hand, till they fall on the fund, destined to bear them. For we have found, that in such situations, taxes are absorbed by improvements, and therefore cannot be accumulated. And though this should not immediately take place, yet, as the manner in which taxes fall, depends not on the nature of any particular fund; on the nature of the subject; nor on the fixed situation of the payer; but on the state of the direct or indirect demand in each department of society; so a tax, in the
course

course of brisk demand, may be thrown round a society, gradually becoming lighter, without attaching itself, to any particular fund. But supposing this not to be the case, yet, as demand determines, where taxes are to fall, and as it is fluctuating in its nature, and ever varying, among the different ranks of a free people; so the uncertainty of these variations, must render it altogether impossible to foretell, where any tax is to fall; and though we could tell where it did fall to-day, yet a sudden change of circumstances, altogether out of our power, might determine it to fall, on a different fund, or a different class of citizens, to-morrow.

B O O K III.

Of fixing the Rates of Duties, and of suiting them to fiscal Regulations, so that Smuggling shall thereby be prevented.

Introduction to the Book.

MR. NECKAR tells us, that “ he had proposed, in the time of peace, to prevent smuggling, not by the activity of the Revenue officers; not by introducing better regulations against the smugglers; but by a general modification of the duties.” The modification he had chiefly in his eye, was to equalize the duties; and thus to rectify the most obvious defect in the French finances. He had determined indeed to reduce the customhouse duties, but he does not hint at any general rules by which he was to have proceeded in this reduction. It is the object of this

this book to point out principles upon which this last kind of modification should be conducted.

But in the infancy of science, where the practice has been improper, it is not easy to delineate just principles. As far as we can discover them however, they ought to be promulgated, as the rules by which the reformation of the art, is to be conducted ; and the art, when reformed, will go back to rectify any mistakes, into which our former ignorance of fact, and want of intelligent experience, may have left us to fall.

Taxes, on commodities of immediate consumption, are generally advanced by manufacturers and merchants, whose business it is to prepare, or to bring them to the market. These traders are, as it were, conductors, through which taxes flow, from the great body of the people, into the treasury. If the tax meets with any interruption, in passing through them, it occasions great inconvenience to the state, and loss to the people. It is therefore of the last importance, to attend to the *advancers* of taxes. If they are kept in good order,

order, taxes will flow easily and safely ; and nothing being lost, the Exchequer will be enriched, in proportion to the quantity of value, which is taken from the wealth of the people. For this reason, our whole attention, in laying on taxes, should be limited to those, by whom they are to be advanced.

This will direct our views, to practical considerations, which will suggest solid principles for conducting the business of taxation.

The advancers of taxes, may be supposed to be actuated, by two opposite principles, *viz.* the desire of evading taxes ; and the restraints which are created to prevent their gratifying that desire.

The desire of smuggling, depends on the rate of the duties. The power to smuggle, depends, in a great measure, on the nature and application of fiscal regulations. Hence it is obvious, that just principles of taxation, imply,

1st, A knowledge of the circumstances, that fit or unfit commodities to bear taxes. And,

2dly, A knowledge of the manner of so fixing the rate of a tax to a commodity, that it shall not be the interest of traders to attempt smuggling.

T

CHAP.

C H A P. I.

*Of the Circumstances which fit or unfit Commodities
to bear Taxes.*

S E C T. I.

*Of the general Relation between the Value of a Com-
modity, and the Tax it is capable of bearing.*

IT is of more importance to attend to this relation, because financiers have very commonly either overlooked, or misimproved it, “The article (it has been said) is of small value, it may well bear such a duty, and still be brought to market at a moderate price.” This (principle) is evidently dictated, by considering taxes as they would affect the great body of the people only, who, as they are ultimately to pay them, ought no doubt to claim our principal regard ; but it is
for

for their interest, that in this stage of the business, we should keep them altogether out of view. It is the same thing to the people at large, whether they pay one penny or two-pence upon the pound of their soap, provided the additional penny, be kept off some other commodity, on which otherwise they would be obliged to pay it. But it is by no means the same thing to the soap-maker. Doubling the duty, would greatly increase his temptation to smuggle ; and lowering the price of the materials of which his soap is made, would have the same effect.

Let us suppose a pound weight of soap to cost the manufacturer ten-pence, exclusive of the duties ; and that the duty was a penny ; his temptation would be 10 *per cent.* upon the value. Increase the duty one half, and the temptation is increased, but diminish the value of the soap, and the same effect is produced on the manufacturer. Call the value of the soap five pence *per* pound weight ; a penny of duty holds out a temptation of 20 *per cent.* : but if the duty is in-

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creased,

creased, as the value of the article is diminished, this holds out a temptation, compounded of both these circumstances. It was, however, because the price of rope had fallen to the manufacturer, that the additional duty on that article was held on in the 1780. It was then said*, that the price of barilla, (a necessary article in the manufactory of rope) had fallen. That this reduced the price of rope to the rope-makers, who therefore could afford, to advance an additional duty of three farthings on hard rope, and still sell it, as cheap as they did before. This was no doubt true; but we shall find, that the manufacturer was more stimulated to commit fraud by the reduced value of rope, which was the reason given for augmenting the duty. The former duties on rope were $1\frac{1}{2}d.$ per lb. If we suppose the original value of rope 6d. this was 25 per cent. If the value had continued the same, the additional duty of three farthings would have raised the temptation to 37 per cent. But if we suppose the value of rope reduced to 4d. these duties were 56 per cent. But this is not all. The reduction of the value of rope,

* See Lord North's Speech.

sope, diminished also, the risk of the manufacturer in attempting to smuggle ; and the temptation to fraud was increased, not only in so far as the relation of $2\frac{1}{4}d.$ to $4d.$ was greater than $1\frac{1}{2}d.$ to $6d.$ but also, in as far as the risk of losing $4d.$ was of less consequence, than the risk of losing $6d.$ in the event that the article was seized.

We see then, that the reduced price of barilla, instead of being an argument for laying on an additional duty on sope, ought rather, to have been a dissuasive from that measure ; and that in general, the rate of a duty, should not rise, as the price of a commodity falls ; but that the rate of a duty, ought rather to rise and fall, together with the natural price of the article, on which it is imposed.

But the relation, between the price of a commodity, and the tax it is capable of bearing, is not a fixed one. Some commodities can bear a greater, some a less tax, upon the same value ; and the same commodity, will bear a greater, or a less tax, according to the state of the society,
and

and government, which happens to prevail at the time. The circumstances which produce this variation, fall next to be explained. They are the nature of the commodity itself; the nature and state of the manufactory; the rate of the profits of stock; and the state of smuggling at the time.

S E C T. II.

*Of the Nature of a Commodity, as it fits or unfits it
for bearing a Tax.*

SOME commodities are of such a nature, that after they are once out of the manufacturer's or merchant's hands, it is next to impossible, to ascertain their identity. A candle, a bar of soap, or a gallon of liquor, after they are made, or imported, and mixed with others of the same description, are indistinguishable from them; and if the makers or importers of such articles, are
dextrous

dextrous enough to evade the diligence of the officer, or are in compact with him, they can soon put such articles, into situations, which will for ever free them, from all risk of detection. This is not the case with leather, linen, tinplate, &c. which are capable of receiving a permanent stamp. Such articles, even supposing the surveys of the officer evaded, are still liable to detection, if at any after period they should be found, without the stamp which ought to be on them.

This circumstance, however important in itself, does not seem to have been properly attended to, by our financiers. We often find them, laying additional duties on articles, which from their nature, are ill qualified to bear them, and overlooking others, which at least, have had this circumstance to recommend them. But though inattentive, to this consideration, in laying on taxes, they have been obliged to pay every attention to it, in their attempts to secure them. For as traders, soon took advantage of it, to defraud the Revenue, the Legislature have been long engaged, to counteract it. For this purpose, they have attempted to distinguish such goods, by marking the package in which they were contained; by accom-
panying

panying them with permits ; and by the application of the hydrometer. But we have already seen, with what ease, these attempts have not only been evaded, but converted into the security and protection, of that very smuggling, which they were intended to destroy*.

Since then, no fiscal regulations, can altogether supply this natural incapacity, in a commodity to bear a heavy tax, we ought to make a proper allowance for it, when determining the rate of duty, which such a commodity, is capable of bearing.

* See Book I. Chap. 2.

S E C T. III.

Of the Nature and State of a Manufactory, as it affects the Duty which a Commodity is capable of bearing.

A Commodity, which is prepared for the market, by a single operation, or goes quickly through several operations, is much easier smuggled, and with less risk, than one which must, for any length of time, remain under the eye of the Excise officer. A maltster, must allow his grain to lie in the cistern forty hours; it remains thirty hours in the couch; it is then thrown on the floor, where it remains five or six days, before it is taken to the kiln, where the operation is completed. In this time, the same *steeping*, must be frequently under the eye of the officer. It is different with candles. One hundred pounds weight of candles may be made in one night*.

These

* Committee's Report.

These circumstances, in the nature of the manufactory, ought to have great weight, in determining the extent of the tax, which the article it produces, is capable of bearing.

At first view, we would imagine, that every improvement in the manufactory of a commodity, by lowering its price, would thereby render it capable, of bearing a higher duty. But we have already seen*, that the rate of a tax should rise and fall with the price of a commodity. And from what we have just stated, it is evident, that the quicker and less laborious, the operations of a manufactory are, it must be the easier to evade the duties, on the articles they produce. So that improvements in manufactures, increase both the temptations to smuggle, and the means of doing it; the temptation, by lowering the price; the means, by quickening and shortening the operations.

These considerations, should induce the Legislature, to watch the improvements, which are
made

* See above, Sect. I. of this Chapter.

made in manufactures, not to raise, but to reduce the rate of the duties, on the commodities which they produce; not that the goods prepared at such manufactory, should in fact be less productive to Government, but that the tax, should be so varied and modified, as to counteract the additional motives to smuggling, which such improvements create.

S E C T. IV.

Of the Rate of the Profits of Stock, as it affects Taxation.

THE rate of the profits of stock, though a less obvious, is a consideration as important, in the science of taxation, as any we have yet mentioned.

It

It is well known, that in the progress of improvement, the profits of stock diminish, with the general accumulation of wealth and capitals. But when the profits of stock, are 40 or 50 *per cent.* there is much less temptation, to avoid a duty of 10 or 15 *per cent.* than afterwards, when traders have little prospect, of making above that sum, in the regular course of their business. The diminution of the profits of stock, in any country, is marked by the rate of the interest of money, and we may assume it as a general principle, that the rate of taxes, ought to bear a certain proportion, to the interest of money, considered as the index of the profits of stock ; that is to say, that the general rate of taxes, ought to fall with the interest of money, under the aspect we have just taken of it*.

But besides this general, or average rate of profit, there is at the same time, in every society, a great variety, in the rate of the profits of the stock, employed in carrying on different occupations. It is unnecessary to enter into the causes of this variety, but it is obvious, that (*cæteris paribus*)
taxes

* See Book II. Enquiry i. Chap 2.

taxes on commodities, should be proportioned to the profits of the stock employed in bringing them to market.

But again. We see very different capitals employed in carrying on the same kind of business. In the manufactory of British spirits we had three denominations of traders. The great, the middling, and the small distillers. The great, were those who carried on the business with very large capitals. Eight of these, residing about the city of London, as themselves inform us, “ Though
“ few in number, comprized in importance, and
“ extent of their manufactories, upwards of eleven-twelfths of the whole distillery in England*.” The middling class, were those, who distil for the supply of their immediate neighbourhood, on capitals, from a few hundred, to a few thousand pounds. The small, or private distillery, consisted of illegal traders, without stock or property, and from whom no duty could be levied.

It

* See Appendix, No. 15. in 1783.

It is evident, that a great trader can, in general, afford to undersell his poorer neighbour. His large capital enables him to quicken his operations, and to lower the profits of his stock. But this very circumstance lays him under a greater temptation, to attempt, and at the same supplies him with the means, of committing fraud. If we suppose two traders, carrying on their business, the one at a profit of 30, the other at a profit of 15 *per cent.* on their capitals, and that the duty on the gallon of spirits was equal to 20 *per cent.* on the value ; it is clear, that the inducement of the great trader to evade the duties, is more than that of the other, in as far as 20 *per cent.* is a much greater object of gain, when compared with 15 *per cent.* than when compared with 30 *per cent.* Besides, the extent of capital, (in other words, the number of hundreds on which he is trading,) while it holds out this proportionally greater temptation to fraud, at the same time furnishes, (in the vast sum to be realized,) means, almost irresistible, for the attainment of his end.

A trader, who can realize *L.* 4 or 5000 a year, by the evasion of his duties, can at once secure
security

secrecy on the part of his servants ; bribe the Revenue officer ; reduce the fiscal price of the commodity ; and retain a handsome profit for himself*. A man trading on a small scale has none of these things in his power. The first insures himself success in securing a great sum ; the last would attempt a small gain, at his utmost peril. Accordingly we find, that while no regulations, that ever were invented or applied, could stop the operations of the great distillers, the middling ones, in consequence of strict watching, have been obliged to give up business altogether†. But surely it is impolitical to give encouragement to the great, in preference to the middling distillers. It is forcing traders out of the market, who are under the power of fiscal regulations, to put it more completely into the hands of those, over whom the state has little or no power ; and to whom fiscal regulations can, but in a very partial degree, extend.

We

* See before, Book i. Chap. 3.

† This, I am informed, took place in Scotland in spring 1787, in consequence of an application of the great distillers to the Board of Excise.

We see then, that great and extensive traders, are not favourable to taxation. But it is the tendency of improvement, to throw business into the hands of great traders; and this tendency is greatly aided by high taxes. When much stock comes to be employed in one department, and the competition between different dealers runs high, every circumstance is laid hold of, by the competitors to undersell one another. And when there is a tax, the evasion of it, is an obvious way of gaining a superiority, especially if it is a high one. A dealer, who can evade such a tax, will soon possess a monopoly, if the tax is paid by his competitors. It will be to him, a kind of bounty, for carrying on his business; and this must drive his competitors, either to evade the tax also, or to relinquish the employment. But the striking advantage, which great traders possess over small ones, in evading taxes, accelerates that tendency towards monopoly, which subsists in the progress of society. Mr. Necker advises the French, to aim continually at preserving an equality of ranks in society, by means of their taxes. I would transfer this advice, from the ranks of society in general, to the ranks of traders

ders and manufacturers engaged in the same line of business. If it is the tendency of the progress of society, to destroy the equality among traders ; if this inequality is unfavourable to taxation ; and if it is the tendency of high taxes to aid and encourage it ; it ought to be the object of financiers, not to accelerate it, by high duties, but rather to counteract it by taxing traders, as their circumstances indicate. This, however, has by no means, been the practice of our Legislature. They shew an uniform predilection in favour of great and extensive traders, and do every thing in their power to throw the whole business into their hands. Among other reasons for this conduct, one is, to obviate the objection against Excise duties, founded on the expence of collecting them. A few great traders, it is imagined, can be surveyed by fewer officers, and from them the duties can be recovered with greater certainty, than from a great number of smaller traders, scattered over the whole country. But it has been shewn, that the expence of collecting, does not depend, upon the number of traders to be surveyed, but on the unwillingness of traders to pay the duty*.

U

I do

* See Book II. Enquiry ii.

I do not mean to insinuate, that any encouragement ought to be given to traders, who have no stock. But it is certain, that (*ceteris paribus*) a higher rate of tax, may be exacted from traders, carrying on business with a stock of a few thousand pounds, than from very extensive dealers; and, consequently, that minute attention ought to be paid to this circumstance, when we would determine the rate of a tax, which ought to be laid on a commodity.

S E C T.

S E C T. V.

Of the Effects of Smuggling on Taxation.

THE situation of a country, with regard to smuggling, should by no means be overlooked, if we would either lay on a new tax, or reform an old one.

When the expence and risk of smuggling, are more than compensated, by the gain which it affords, it will soon prevail in any department; and when traders have passed from the trick and shift, that were formerly used, to deceive the officer, to the almost avowed corruption of him, we will easily believe, that we can have little power over such traders, especially if the competition between them runs high, and the evasion of taxes, is made subservient, to their underselling one another in the market. In this case, we may rest assured, that virtuous traders are driven from

the business, and that it is in the hands of men, who have resolved to trample upon every tie by which we can propose to bind them.

But when smuggling generally prevails in one article, it is easy to see, how this prepares the way for its introduction into other articles. This it does,

1st, By giving occasion to over-taxing other articles. Had smuggling not prevailed in one article, the productiveness of its revenue, might have prevented a new tax from being laid on ; but its deficiency must be supplied ; and as this is generally done, by an additional, rather than by an original duty, almost every article, of principal consumption, has been over-taxed in its turn ; and in this way the principle of smuggling is disseminated. But,

2^{dly}, It is promoted, by preceding acts of corruption. Revenue officers are not limited to the charge of one article ; and if they have been corrupted, to allow the smuggling of brandy, they will

will not refuse to allow the smuggling of rum, when they are lured by a similar temptation.

3dly, The examples of the great gain of smugglers, in one article, encourage others to try it in a different one.

We may thus see, how smuggling propagates itself; and, consequently, lays restraints upon the financier. For wherever it prevails, in opposition to the best Revenue laws, and best regulations, we need not doubt, that the fiscal restraints of such a country, have been enfeebled by being overstrained; and that in such situations, new taxes must be lower, than they may be in a country, where smuggling, in a great measure, is unknown.

But if this be the case, when we impose a tax on a new article, it will be a consideration of still greater importance, when we would reform an over-taxed article, where smuggling is already deeply rooted. A person who is in the practice of smuggling, acquires a dexterity in it, which will enable him to persevere, under a rate of
duty

duty, which never could have encouraged him to begin to smuggle. Many traders require it as an essential qualification in their chief workman, that he be an expert smuggler; that he understand the Excise method of surveying and book-keeping, to enable him, so to time, and conduct his illegal operations, as to screen both the trader, and corrupted or careless officer, as much as possible, from the effects of check surveys. Others of a higher description, are perfectly acquainted with the general plan and principle of Revenue laws. They know, that the report of the more intelligent Revenue officers, will consist of a detail of the means, by which traders carry on their smuggling; and they know, as certainly, that the new law, will be directed to meet, detect, and punish them. But before the law is promulgated, they are prepared with a new set of evasions, which the Legislature could not have thought of, and will have varied their corruption, or force, in a way, that could not have been foreseen or known. With such people, smuggling is a part of their business, from which they have long derived a part, perhaps a principal part, of their profits.

profits. But the articles in which such traders deal are capable of bearing but a very small rate of duty, until such old practitioners have died out, and their smuggling habits are forgotten.

CHAP.

C H A P. II.

Rude Outlines of Reformation; or of the Manner of applying the foregoing Principles to the Business of Taxing.

S E C T. I.

Introduction to the Chapter.

IT is only the roughest outline of a plan of reformation, that we are at present qualified to sketch out. Its full character and advantages, must be described by those, who shall have an opportunity of examining it, after it has been thoroughly established. A few general remarks, and directions, therefore, are all that I propose, in this concluding chapter.

In the first place, it may be observed, that in such a country as Great Britain, the instituting a
plan

plan of reformation, or its success, must depend altogether on the talents and dispositions of those who rule. If rulers are corrupt, they will not be anxious for the publick good ; if they are weak, they will be unable to discern, the best means of securing it. For this reason, the people of England, have generally felt themselves deeply interested in the character of their rulers. They well know, that the success of our national affairs in general, depends on the conduct of our ministers ; and we cannot suppose, that the business of taxation, is a solitary exception, which will not be influenced by the same cause.

We have seen how high duties create smuggling, and that smuggling produces a contempt of the laws, and of every moral and sacred obligation, by which Government can propose to bind subjects, to those rules, which are essential to their own peace and happiness. But if the minds of men could be brought under the influence of those restraints, from which the temptation to smuggling, has often, so unhappily set them free ; the flourishing situation of our taxes, would

would soon indicate the general prosperity of the nation. To promote this important end, nothing can be more instrumental than the character of those who rule; and, surely, there may be a minister, whose example, which is worth a thousand laws, would inspire virtue: whose strictness of command, and promptitude of execution, are universally acknowledged: who carries on a work of general reformation; decreasing the temptation to crimes, while he insures their punishment: who infuses his own spirit, into the lowest departments of the state, and with it, that energy, which is better felt than described, and by which, the most remote part of the executive government, like the most distant arteries of the human body, strike unison with the heart, and alike preserve every part of the constitution from corruption.

Under such a government, the evils of the over-tax system itself, must be palliated: the proportion of those who will not, or dare not smuggle, is increased; and that system will be of the moderate-tax description, which would be of the over-

over-tax, under a lax, and careless administration.

But supposing a minister, thus qualified to reform our taxes, still there would remain many important difficulties, in the execution of so arduous an undertaking. To whom, for example, could he apply for information? Our financiers have had Revenue officers and traders to consult, and whose advice they have followed, for above a century; and we may warrantably say, that the Revenue Code of this country, now contains more absurdities and contradictions, than almost any publick record in the world: and how could it be otherwise? Financiers themselves, had no just principles of taxation, while the ignorance, prejudices, peculiar habits, and interests of their advisers, mixed with the random information, which themselves picked up, naturally produced that motley mass, of which we now complain. Mr. Neckar, in his plan of reforming the French taxes, recommends the institution of a board, for obtaining fiscal information. From what I have observed, I should rather prefer a single person, for obtaining that kind of information,

formation, which seems necessary to enable a minister to conduct, but more especially to reform the business of taxation.

Though the name of a surveyor, or inspector-general, is well known in this country, yet the business I now point at, has never been seriously attempted. The surveyors we are acquainted with, are limited to particular branches of Revenue, and to particular districts of the country. Their office too, is intended, not so much to survey the country; to study and suggest improvements; as to take care, that the inferior officers, of a particular district, conduct themselves by the laws, which have been enacted for securing that particular revenue, in whose collection they are engaged. There are such inspectors or surveyors, employed in collecting the duties of stamps, customs, and excise; and in former days, the Commissioners of Excise, used to make surveys of a similar nature. But the officer I have in my eye, is different from all these. Instead of being limited to one district, or to one branch of revenue, his business should be a general survey of the whole kingdom, with a view of instituting moderate

derate takes, if new ones were wanted, and of reforming any, or all the branches of revenue, that may happen to be over-taxed. It is certain, that to attain these objects, great and uncommon qualities will be required. This would be necessary, even were his attention limited, to keep things in order ; to watch the falling and rising of the Revenue amounts, and to be satisfied, that the fallings were not owing to over-taxing, but to foreign causes. But to carry on a work of reformation, and to bring a nation from an over-tax to a moderate tax situation, would require still more ability, and greater exertion. To qualify a person for this task, he should be practical and intelligent. He should be free from the fetters of the old system, and should possess an enquiring, patient, accurate temper. He should be able to make his knowledge subservient to fact, and experience ; and to improve facts and experience, in order to rectify his principles, and increase his knowledge. He has to reduce or abolish, the old taxes, and to find out new subjects of taxation. He has to reform abuses, and to rectify the
the

the errors, in the present business of taxing; and, in part, to change the prevailing opinions with regard to taxes. He ought, moreover, to make his surveys subservient to purposes of general police, and to furnish the minister with every species of political information, which he might turn to the advantage of the state. These, however, are more distant objects; and though he should be capable of prosecuting them, his immediate business should be the reformation of the taxes.

In order to accomplish this object, (to use the language of Mr. Neckar,) “ Whilst he elevates
“ himself to the highest thoughts, and draws
“ fresh resources from them, he will often find
“ it necessary, at the same time, to give himself
“ up to the most laborious toils. He must scru-
“ tinize minute particulars, and it is only an ac-
“ quaintance with the importance of such know-
“ ledge, which will render him capable of
“ triumphing over the disgust, inseparable from
“ that kind of study. In persevering in it, he
“ must guard against the magick which accom-
“ panies general ideas; nor will he be long in
“ finding, that these last are but useless abstracts,
“ when

“ when separated from the certainty, which minute scrutinies afford to the mind. Particular knowledge is so indispensable, both to project and to act, that a man appears only like a forward child, when with genius alone, he pretends to direct such a complicated business as that of taxation. In practice he will meet with facts which will soon destroy the most captivating system ; which, when it has fallen by its own weight, will leave him the dupe of his inferiors, though on his independence and intelligence, the welfare and prosperity of the state is in a great measure to depend.”

But a person qualified to form general rules, and establish directions, fitted at once to supply the wants of the state, and to bring it under moderate taxes, will think nothing below his attention. He will be equally ready to seize, and generalize important facts, and to make a survey with the meanest of the Revenue officers. Did such a person exist in such a country as Great Britain, it is almost impossible to foretell, the immediate advantages that would accrue to Revenue, and the collateral blessings, which he might

might be the instrument of procuring to the state at large.

Though a person thus qualified, would, with very little experience, frame much better directions for his future conduct, than any we are in a capacity at present to suggest, yet it may be proper to hint, that his various surveys through the kingdom, should be made for the direct purpose, of compiling a fiscal history of the country, which ought to terminate, in a collection of facts, so arranged, as to be immediately subsidiary to the business of taxing, and as would enable an intelligent financier, to perceive readily the rate of duty, which each commodity in the country, is capable of bearing ; and so to modify taxes, as gradually to reform Revenue officers, and Revenue laws.

We shall give a specimen of the conclusion of such a history, and make a few general remarks, on reforming the duties, the Revenue officers, and the Revenue laws.

S E C T.

S E C T. II.

Of a fiscal History.

THE great outlines of fiscal histories, are already furnished by men of speculation, who have been engaged to ascertain the extent, produce, population, trade, &c. of nations. But this study will be cultivated in a very different manner, by one who has his eye fixed, on the business of taxation, as his ultimate object; and the principles we have been explaining, will direct us, in tracing the outline of that arrangement, under which, the important facts of such a history, will at last fall to be classed. They will consist,

1st, Of the circumstances in a country, which indicate the general rate of the taxes that ought to prevail in it; and,

X

2dly,

2dly, Of the particular nature and situation of each commodity, by which it is fitted, or unfitted, to be a productive subject of taxation.

I shall sketch two specimens of the termination of fiscal histories. In the first, I shall suppose the people virtuous, and that hitherto they had not been taxed. In the second, That they have been labouring under the evils, necessarily attending over-taxed commodities.

FIRST

FIRST SPECIMEN.

Specimen or SKELETON of the Termination of a fiscal History, in which it is supposed that the Country has not been previously taxed.*

PART I.

Of general Circumstances.

THE first general circumstance, which claims our attention, is the *rate of profit* †. The legal interest we shall suppose, is £. 8 per cent.

Estimating the average profit at double the rate of interest, and laying hold of the average rate of profit as the point from which to set £. 16 per cent out, this will give us on the value, *for the general rate of taxation in the Kingdom.*

X 2

But

* *N. B.* This is no more than an attempt, to reduce the foregoing principles into a *Practical Form*. The *per cents.* and rates of duties are intended to mark, the tendency only of the circumstances to which they refer. They could not be properly filled up, without referring to a particular country, and without a particular survey of that country.

† See Book III. Chap. i. Sect. 4.

But this general rate may be varied, by those other circumstances in society, on which the power of Revenue laws, and fiscal regulations, in some measure depend. As,

General Rate of Taxation:

1st, We suppose, that men's minds *L. 16 per cent.*
are in general influenced with a regard to moral and sacred obligation*.

2dly, Smuggling on our present supposition, cannot hitherto be known.

3dly, The officers of the Revenue cannot be corrupted.

4thly, The Revenue laws will be feared and respected. And,

5thly, The Government is beloved and energetick.

On account of these circumstances, add to the general rate, - -

L. 4 per cent.

Hence GENERAL STANDARD tax in
would be - -

L. 20 per cent.

on the natural price of all consumable commodities.

But it is to be observed, that this STANDARD RATE OF TAXATION, ought to be varied and modified, by the nature and circumstances of every individual article.

* See Book III. Chap. i. Sect. 5.

P A R T II.

Of particular Commodities.

We shall suppose Malt the article to be taxed.

Of Malt preparatory to its being taxed.

Facts selected from the History, and arranged according to the foregoing Principles.

S E C T. I.

General Observations.

GRAIN of any kind, after it has *Fiscal Remarks.* been made fit for the purposes of distillation or brewing, is called Malt. Malt in England, is generally made of barley.

It is computed, that acres, or part of the arable land of the kingdom, are employed in growing barley, and that *communibus annis*, there are about quarters of barley produced in a year.

This quantity is produced, principally for supplying the maltster. The feed

Facts from the History selected and arranged.

Fiscal Remarks.

feed requires quarters,
and the other purposes of

cannot be Taking the
supposed to consume any great quan- standard tax
tity. as above, at

The average price of a quarter of $\text{£. } 20 \text{ per}$
barley is - $\text{£. } 0 : 18 : 0$ cent. on the

After it is malted, it sells price of malt
for - $\text{£. } 1 : 0 : 0$ gives a tax of

S E C T. II

Of its Nature, &c. †

A QUARTER of barley weighs about

A quarter of malt about

In proportion to its price, malt is a
bulky and unwieldy article.

But it is incapable of being identifi-
ed, by any stamp or character.

Add for wt.
and unwield-
iness $\text{£. } 2 \text{ per}$
cent.

For its not
bearing a
stamp or cha-
racter deduct
 $\text{£. } 2 \text{ per cent.}$

S E C T. III.

Of the Nature of the Manufactory†.

THE manufactory of malt is carried
on in the following manner :

* See Book III. Chap. i. Sect. 1.

† ————— Sect. 2.

† ————— Sect. 3.

The

Facts from the History selected and arranged. *Fiscal Remarks.*

The grain is put into a large vessel, (generally built of For its re-, and called the Steep,) and into it is poured water, sufficient to cover the grain, maining so which remains in this situation till it long in the begins to spring, which in the malting manufactory season, (from add £. 5 per to cent.) is generally from 40 to 50 hours. When this has taken place, it is thrown into a heap, or what is called the Couch; here it remains from 30 to 40 hours.

From this it is spread upon a dry floor, which it covers to the depth of from to inches.

Upon this floor it is turned times in hours.

This operation is generally continued for six or eight days.

It is then carried to the kiln to be dried, which is performed in hours, and thence it is carried to the granary.

S E C T. IV.

Of the Profits of Malting Stock†.

MALTING in is a separate branch of business.

† Book III. Chap. i. Sect. 4.

Facts from the History selected and
arranged.

Fiscal Remarks.

In and remote places,
the brewer generally malts as much, and
no more than he is to brew or distil.
There are about maltsters in

The greatest maltsters in the country
employ capitals not exceeding £.

The least not under £.

The circulating capital of a maltster
cannot revolve above in a year.

Maltsters are much scattered through
the country. The unwieldy nature of
the article prevents it from being ea-
sily transported.

On account
of the cir-
cumstances
here menti-
oned taken
in cumulo, add
for the coun-
try £. 2 per
cent.

There is not therefore, a high com-
petition among maltsters, nor does it
seem to be verging to monopoly.

But these two negatives are not so
applicable to the environs of the city
of as to the country.

But within
miles of the
city of

Within the bills of mortality there is
only maltsters, and they pro-
duce bushels of malt, the ri-
valship is pretty considerable.

deduct
£. 1 per cent.
and add a li-
cenc equal to
£. 1 per cent.

S E C T.

S E C T. V.

Material Circumstances unknown or omitted.

Result Collected.

For the Country.

Malt Standard Tax, from page 310, is - £. 0 : 4 : 0 per Quarter.

Add		Deduct	
Page.	Sum.	Page.	Sum.
310	£. 2 per cent.	310	£. 2 per cent.
311	£. 5 per cent.	-	-
312	£. 2 per cent.	-	-
	£. 9 per cent.		£. 2 per cent.
	£. 2 per cent.		

Deducted.

Remains - £. 7 per cent; or 1s. 6d. to be } 0 : 1 : 6
added to the Malt Standard Tax, -

Hence, - £. 0 : 5 : 6 per Quarter.
for the Country Duty on Malt.

For the City of

Malt Standard Tax, as above, - - £. 0 : 4 : 0 per Quarter.

Add		Deduct	
Page.	Sum.	Page.	Sum.
310	£. 2 per cent.	310	£. 2 per cent.
311	£. 5 per cent.	-	-
312	£. 2 per cent.	312	£. 1 per cent.
	£. 9 per cent.		£. 3 per cent.
	£. 3 per cent.		

Deducted

Remains - £. 6 per cent. or £. 0 : 1 : 3 to } 0 : 1 : 3
be added to the Malt Standard Tax, -

But add a Licence Duty, as per page 312, equal to } £. 0 : 5 : 3 per Quarter.
£. 1 per cent. on the value, and to 3d. on the quar- } 0 : 0 : 3
ter, which will equalize the country and city tax.

£. 0 : 5 : 6 per Quarter.

SECOND

SECOND SPECIMEN.

Specimen or SKELETON of the Termination of a fiscal History, supposing Smuggling to prevail, with the View of reforming Taxes.

PART I.

Of general Circumstances.

UPON the principles formerly mentioned†, call *the general rate of taxation*, £. 16 per cent. on the value. - - -

And on our present suppositions, all the former circumstances will be reversed.

1st, Men's minds will not be so much influenced by moral and sacred obligations.

2dly, Smuggling is prevalent.

3dly, The Revenue officer we suppose corrupted.

4thly, The Revenue laws are held in contempt and ridicule. And,

5thly, Though the Government is beloved and energetick, yet still on this subject it is not well informed.

On account of these circumstances, deduct from the general rate - £. 4 per cent.

Hence GENERAL STANDARD tax is £. 16 per cent.

† See before page 307.

PART II.

Of particular Commodities.

Let the same example be continued.

CHAP. I.

Of Malt, with the View of reforming the Tax upon it.

Facts selected from the History, and arranged according to the foregoing Principles, and ar- Fiscal Remarks.

SECT. I.

Preliminary Observations.

THE present duty on Malt is £. 0: 5: 6 per quarter, equal to about £. 27 * per cent. on the value.

The complaints which have been made, of the smuggling of this article, are but too well founded.

The arts employed by the trader to deceive the officer, are accurately described, in the well-drawn report of Mr. — on this subject.

* See before, page 313.

But

*Facts from the History selected and Fiscal Remarks.
arranged.*

But these evasions, though ingenious, and affording a complete shelter, both to the fraudulent trader, and Revenue officer, yet would be ineffectual, and could be long persevered in, did not the rate of the tax, and the circumstances of corruption, which flow from it, give so much power, to the fraudulent trader, and unstring the exertions of the surveying officers.

If then we could obtain officers of integrity, much might be done to suppress smuggling. But as this cannot be relied on, the stimulus to fraud, on the part of the trader, must be unstrung, either by taking off part of the duty, or subdividing it.

S E C T. II.

Of the Price.

THE average price of barley is L. 0 : 18 : 0 per quarter.

The natural price of malt is most probably about L. 1 : 0 : 0 per quarter.

The above Standard Tax, of £. 12 per cent. on the supposed natural price, gives £. 0 : 2 : 4 per quarter for the Malt Standard.

S E C T. III.

Of its Nature, &c.†

A Quarter of barley weighs about

A quarter of malt about

In proportion to its price, malt is a bulky and unwieldy article ; but it is incapable of being identified by any stamp or character.

Add for wt. and unwieldiness £. 2 per cent.

For not bearing a stamp or character deduct £. 2 per cent.

† See before, p. 310.

S E C T.

*Facts from the History selected and Fiscal Remarks.
arranged.*

S E C T. IV.

Of the Nature of the Manufactory†.

FOR the manner in which malting is generally carried on, (see original History of the article, p. 310).

Smuggling has introduced the following variations:

When a maltster is to smuggle, (run a steep, as it is called,) instead of wetting his barley with cold water, it is done with warm water. This hurries on all the operations.

Instead of taking hours to spring, it now springs in hours. By this improvement then, he, on some occasions, procures two *steeps* in the same time he could have had one.

On account of this shift of the trader, add only £ 2 per cent. instead of £. 5 (see before,) and make the necessary alteration on the mode and rules of surveying.

The malt in the kiln is removed to the granary; that on the floor to the kiln; that on the couch to the floor; that in the steep to the couch; and fresh barley is put into the steep, a little earlier than otherwise could have been done, or than the officer could at first suppose practicable: and thus the duty on a steeping is avoided, without

* See before, page 310.

Facts from the History selected and Fiscal Remarks arranged.

any apparent alteration on the face of the manufactory.

S E C T. V.

Of the profits of Malting Stock.*

THERE are about maltsters in this country. On these accounts for the country,

The maltsters in the country, now employ capitals so high as £. deduct £. 1 per cent. and formerly they never exceeded £. † add a licence duty equivalent to it.

Since the introduction of smuggling, rivalry has much increased, and the trade has got more into the hands of great dealers. In the ci-

The rivalry which formerly subsisted in the city of has cured it. deduct £. 3 per cent. and self. After it was confined to a few, add a licence duty equivalent to it. †. they soon found it their interest to unite, and combine against all others. Accordingly, traders in the city engross the business, and monopolize it.

They employ the tax as the instrument of monopoly, for no inferior trader can so successfully evade it; and they undersell all others, by means of the saving of the tax.

They employ a capital of £. Their profits, from good information, (see Diary) exceed £. per cent.

* See Book III. Chap. i. Sect. 4.

† See before, p. 312.

‡ See Book I. Chap. iii. Sect. 3. Book III. Chap. i. Sect. 4.

*Facts from the History selected and Fiscal Remarks.
arranged.*

S E C T. VI.

*Of the Extent and Effects of the particular
Smuggling in this Article.*

IT is impossible to compute, with much accuracy, the extent of the smuggling in this article. From the most accurate information I can obtain, there are acres of barley land in the kingdom, which, *communibus annis*, produce about quarters of barley.

Deduct for seed quarters.

For and other purposes, quarters, there will remain quarters for the maltster; but the officers books only exhibit quarters.

Deduct for swell quarters, equal to only quarters of barley.

From particular private information, [see Diary] one maltster smuggled quarters in a year.

It is certain too, if there was no tax on malt, it would be sold not under £. 1 : 0 : 0 *per* quarter.
Add the tax, £. 0 : 5 : 6 *per* ditto.

Fiscal price, £. 1 : 5 : 6 *per* ditto.

But it is sold so }
low as £. 1 : 3 : 0 *per* ditto.

which

Facts form the History selected and arranged.

Fiscal Remarks.

which is £. 0 : 2 : 6 * below the fiscal price, after all the expences and risk of smuggling. On account of this corruption deduct, £. 3

In consequence of this smuggling, the maltster, his servants, and the Revenue officers, are all much corrupted, so that no restraints, of a moral or sacred, nature, can bind them. per cent. and impose a duty on (a new article †,) which will

But the unwieldiness of the article, and the nature of the manufactory must always prevent the trader from evading the duties, but by means of corruption. be equal to the revenue lost by the reduction of this duty‡.

* See before Book I. Chap. iii. Sect. 5. See also this tax, as reformed in the opposite page.

† See below Sect. 3. of reforming the rates of duties.

‡ See Fiscal History, vol. page

Result

Result Collected.

For the Country.

Malt Standard Tax, from page 226, is - £. 0 : 2 : 4 *per Quarter.*

Add		Deduct	
Page.	Sum.	Page.	Sum.
316	£. 2 <i>per cent.</i>	316	£. 2 <i>per cent.</i>
317	£. 2 <i>per cent.</i>	317	£. 1 <i>per cent.</i>
- -	- -	318	£. 3 <i>per cent.</i>
	£. 4 <i>per cent.</i>		£. 6 <i>per cent.</i>
			£. 4 <i>per cent.</i>

Remains - - - - - £. 2 *per cent.*
 or £. 0 : 0 : 4½ call it 4d. to be deducted from } 0 : 0 : 4
 the Malt Standard Tax, - - - - -

But add a Licence Duty as *per* page 318, nearly } £. 0 : 2 : 0 *per Quarter.*
 equal to - - - - - } 0 : 0 : 3

Hence a Duty of - £. 0 : 2 : 3 *per Quarter.*

For the City of

Malt Standard Tax, as above, - - - £. 0 : 2 : 4 *per Quarter.*

Add		Deduct	
Page.	Sum.	Page.	Sum.
316	£. 2 <i>per cent.</i>	316	£. 2 <i>per cent.</i>
317	£. 2 <i>per cent.</i>	317	£. 3 <i>per cent.</i>
- -	- -	319	£. 3 <i>per cent.</i>
	£. 4 <i>per cent.</i>		£. 8 <i>per cent.</i>
			£. 4 <i>per cent.</i>

Remains - - - - - £. 6 *per cent.*
 or £. 0 : 0 : 9½ call it 9d. to be deducted from } 0 : 0 : 9
 the Malt Standard Tax, - - - - -

But add a Licence Duty, as *per* page 318, nearly } £. 0 : 1 : 7 *per Quarter.*
 equal to - - - - - } 0 : 0 : 1

Hence a Duty of - £. 0 : 2 : 3 *per Quarter.*

Y

Conclusion

Conclusion of the Specimens.

THESE specimens are outlines only ; an intelligent surveyor, who should see every thing with his own eye, and himself examine every fact, would certainly make many remarks, that are not here hinted at. Experience too, would not only give him a facility, of estimating the circumstances which are indicated, but enable him, to make many important improvements, and perhaps to vary the order, in which they are delivered.

The plan and method of discoveries, must vary and be improved, with discoveries themselves.

S E C T.

S E C T. III.

Of reforming the Rates of Duties.

FROM the whole of what has been said, it is obvious, that one great object, in taxing consumable commodities, should be to keep the rate of duties so low, as to prevent the contraband trade ; and when smuggling, has unhappily taken place, to reduce the rate of duties, so as to put a stop to it. Experience has sufficiently taught that smuggling, (one of the greatest evils, that can pervade a people,) is not to be put a stop to, by severe laws, or strict regulations. High duties is the spring of the evil, and while the spring continues, the streams will flow. But few effectual attempts have been made to reduce duties for fear of losing revenue ; of increasing the expence of collecting, or of laying taxes on impro-

per, or unpopular subjects. These objections have been examined, and it is hoped in part removed.

In reforming our taxes, however, I would by no means disregard these objections altogether. We must not only be sure, that principles are true in themselves, but the prejudices of men with regard to them, ought to be removed, before they should become the established rules of our conduct. In the mean time, a reduction of duties adequate to the prevention of smuggling, ought to be carrying on, in a manner as consistent with prevailing opinions as possible.

I shall just mention three ways, which seem adapted for carrying on that part of reformation, which relates to the rate of duties. And,

1st, It would be best to abolish the duties on commodities altogether, where smuggling certainly prevails, if we could find other commodities, on which we could lay new duties, moderate in themselves; adequate to supply the
wants

wants of the state ; and against which no real, or imaginary objection, of great magnitude could be brought.

I will not recapitulate the advantages that would accrue from such a step. They will readily present themselves to those, who have attended to what has already been suggested in this Enquiry, and many collateral advantages will occur to the contemplation of those, who study the subject. I am aware however, that this can seldom be done, in such a country as Great Britain, while we remain under our present prejudices. In the mean time, the same, or a similar end, may be attained, in the

2d PLACE, By splitting a duty on a commodity, so as to unstring the *stimulus* to smuggle, while we preserve the same, or perhaps require a greater amount, from the same subject than we had before.

The principle of this reformation is suggested, by the subdivision of the arts, and the lowering
of

of the rate of profit, in the progress of society. Its spirit is to catch the same subject, in different hands, so as to levy two rates of duties, from two distinct classes of advancers, instead of one rate, from only class of advancers. It is obvious, that by this plan, first, Each of the two classes of traders, would have much less inclination and power to smuggle. And secondly, That any clamour, against a new and untried subject of taxation, would be prevented.

Thus for example, had there been too high a duty on ale, and no duty at all on malt, it would have been easy now a days, to have reformed the ale tax, by taking part of the rate of duty from the ale, and imposing a malt duty equal to the sum, which would have been lost on the ale. Perhaps however, if the experiment had been properly made, the financier would have had as great an amount from his ale as formerly, and in this case, his malt tax would have been all gain. I am aware, that this reformation of the tax, could not have been made in the days of Davenant,

nant, without considerable opposition from the landed gentlemen. At that time it was believed, that a malt-tax would have fallen on the landlord. But in these days, such a variation would be considered, as the same tax, on the same article, levied in different situations.

It must here, however, be noticed, that this example of improvement, is carefully to be distinguished, from the present prevailing proposal, of taking off the duties on ale, and laying them on malt. The principle of the two proposals, stand in direct opposition to each other. By the example I give, the half of a duty (suppose) is taken from one commodity, and laid on another, (hitherto untaxed,) that neither of them may be over-taxed. But the principle of the other proposal, is to lay an equivalent of the whole duty, of an over-taxed article, on another article, that is already over-taxed, that the expence of collection, and some other imaginary advantages, may be obtained. I should have no objection to take the duties from the ale, but I would lay them any where almost rather than on the malt. But,

3dly,

3dly, The reduced rates of the duties on consumable articles, may be compensated, by laying an equivalent for them, on a subject of a different description. This was done in lowering the duties on tea, when an equivalent for them was laid on windows.

In this sort of commutation, as it has been called, it is evident, that the new tax on houses, must partake of the nature of such taxes, and lose all that character, which the tax formerly possessed, while it arose from an article of immediate consumption. Had the equivalent, for the reduced rate of the tea tax, been laid on a similar subject, I mean one of immediate consumption, tho' at first it might have been more unpopular, if the commodity had never been taxed before, yet it would have gradually become less disagreeable to the people. But by being on house-rents, though it met with less opposition, and was at first less unpopular, because it was only an addition to a tax, that was already familiar, yet from the nature of such taxes, it will become probably more unpopular, if the people
are

are not so much relieved as they expect, in the reduced price of their tea.

But this commutation of the tea tax, though highly popular at the time*, and on the whole, beneficial

* The popularity of the tea commutation was so great, as to occasion an altercation, among some of the first characters in the House of Commons, respecting the person who had the honour of first proposing it. I know not to whom the prize was adjudged upon that occasion; but I can inform the reader that it was not due, to any of the parties that then contended for it. The proposal itself was offered to the publick, in a pamphlet now lying before me. I do not know for what reasons it was not adopted by the Revenue Committee, that framed the excellent tea law of 1745. It might be perhaps, because the proposer suggested a very improper manner, of executing the commutation, though his principle and general plan is the same, with the act which is now in force. Perhaps it may gratify some of my readers, to have the following extracts from the pamphlet. He will see how nearly it coincides with the present law.

Extract from a pamphlet published in 1743, proposing a commutation of the duties on tea.

“ In order to it,” (*i. e.* to carry his scheme into execution,)
 “ I humbly propose that the Excise duty of four shillings *per*
 “ pound on tea be repealed, and that instead of it, the duty
 “ may be raised upon every family in England which drinks
 “ tea, the highest twenty shillings, and the lowest five shillings
 “ a year, to be taxed in proportion to the number of persons
 “ in

beneficial to the country, was certainly not made in the most favourable circumstances. For

1st, It

“ in each family ; and that of all publick houses which sell tea
“ in liquor, those in the city of London and Westminster pay
“ five pounds a year, and in all other places in England forty
“ shillings.

“ But then it will be said, how shall we know what families
“ drink tea ? For it would be hard to lay a tax upon those who
“ do not.

“ To this I reply in general, that no scheme can be thought
“ of from which an universal good is expected, but what will at
“ the same time be liable to some difficulties. However, to
“ avoid this particular inconvenience mentioned in the present
“ scheme, I would propose, that every officer who is to levy
“ the tax, should be empowered by Act of Parliament, to make
“ every head of a family take his oath, (which he should have
“ ready printed by him,) whether he or any of his family, to
“ his knowledge, drank tea, directly or indirectly in his house,
“ during the whole year, and that this and no more should be
“ required ; but that, if the contrary could be plainly proved, a
“ severe penalty should be laid on the offender, such as the Par-
“ liament should think fit.

“ If this method should not be approved, I should hope some
“ other might be thought of, more suited to the happiness and
“ ease of my fellow subjects, which is the sole end I have in
“ view.

“ I now proceed to shew, the benefit which may arise from
“ this way of collecting this duty, to the several branches in-
“ terested therein.

“ 1st, It

1st, It did not transfer part of a tax from one article of immediate consumption, to another article

“ 1st, It will immediately, *ipso facto*, hinder the running any
“ sorts of tea; for where no profit is, there no running will be,
“ which must be a vast advantage.

“ 2dly, It will be a great relief and quiet to all dealers in,
“ and sellers of tea, who are now liable to have their warehouses
“ and shops searched, and visited by any of the Excise officers,
“ who take it into their heads, under pretence of informa-
“ tion, to come at night, or any other unseasonable time, when
“ their real intention, is rather to pick the pocket of the trader,
“ than to do their own duty. Besides, the traders must now
“ keep books, of which some are scarcely capable. But, ac-
“ cording to my scheme, every thing of this nature would be en-
“ tirely avoided; for as there could be no running, there could be
“ no suspicion of their having such goods in their houses, or in
“ their shops.

“ 3dly, The East India Company would be great gainers
“ thereby; for they would be the sole venders of all the tea con-
“ sumed in Great Britain, which is computed at no less than
“ 1,500,000 pound a year, and what a prodigious addition this
“ would make to their present annual sale, may be very easily
“ computed.

“ 4thly, All the consumers of tea will find their account in
“ it. For as the duty now stands, and the advanced price,
“ which the tea sellers raise above the duty, may well be com-
“ puted to amount, upon the ordinary, to five shillings, and upon
“ the better sort of tea to six shillings; they will buy it for so
“ much less; for one pound now sold at nine shillings, will
“ then be got for four shillings, and the shopkeeper will get more
“ in proportion, for he needs not lay out so great a stock, nor
“ give

article of the same description, but to an article of a different description, so that the supposed equivalent duty, lost all the advantages, naturally attached to taxes on consumable commodities, and became liable to all the disadvantages of a tax on fixed property.

2dly, The experiment was made, where a monopoly interfered.

The intention of reducing duties, is to lower the price of an article so much, that the fair trader can bring it so market cheaper than the smuggler. But these intentions, run every risk of being frustrated, when the article, whose duties

“ give his customers so much credit, as when the duty was upon
“ it. By this it is plain, that such a family as is taxed at five
“ shillings a year, gains whatever it consumes above one pound ;
“ and so the families higher taxed in proportion.

“ Lastly, As to the publick, who have now received by a computation, in an average of *L.* 130,000 a year, it is my opinion, that this new method will vastly increase that sum.

“ Add to all these advantages already mentioned, one other
“ still, which is, that this tax will be easily collected, by the
“ very people that collect the window tax.”

ties are reduced, is in the hands of a monopoly company ; for it is not their interest to lower, but to keep up, the price of the article, even after the duties have been reduced. And this they may do, so as after all, to encourage the smuggler, and prevent the consumers, from reaping any advantage, from the reduced price of their teas, though they pay for such reduction, in the increased tax on their windows.

The good effects of the tea commutation, and indeed of any other similar reformation, may easily be frustrated, by a monopoly company. If they short supply the market, which is often their interest, and for which they can never want a plausible reason, this will immediately raise the price of the commodity, whether they will or not. Thereby smuggling will be encouraged, independently of all taxes ; and when the rate of duty, as that on tea, is proportioned to the price of the article, it may be easy to persuade an unwary minister, that a rise of the price of the commodity, is at once advantageous to the publick revenue, and the monopoly company. This experiment

riment however, imperfectly as it was made, has been advantageous, and has demonstrated the expediency of lowering the rates of duties. It has shewn also, what inadequate estimates are made of smuggling, and how much the nation would probably be benefited, if it was put a stop to in every article*.

* It was supposed, that there were thirteen millions of pounds of tea consumed in Britain, of which the East India Company supplied five millions. But after smuggling was cut off, it appeared that nearly twenty millions of pounds were necessary, for the annual supply of the British market.

SECT.

S E C T. IV.

Of Reforming the Revenue Officers.

IT must often have occurred as very absurd, to every one who has considered the subject, that so little attention should, for a long course of years, have been paid to the common Excise officer or gauger. He is in fact the most important officer in this branch of the revenue. He surveys the traders, makes the charge on them, issues their permits, and, in short, performs the essentials of the business. It is true, that he is under the immediate survey, and check of his superiors. But if the trader and officer act in concert, it will not be easy, perhaps it is impossible, to secure the revenue. For this reason, the utmost caution should be observed in admitting to this class; though it is well known, how improperly
admissions

admissions have been obtained, and that the supply has often been procured, from a description of men, the most improper to be entrusted with so great a charge. I would not insinuate, that the charging officers, should be men in a superior rank of life. But honest men are to be found in every rank, and I would cautiously avoid, supplying so important a station, from a description in the lower ranks, from whose habits, perhaps the least is to be expected. In the over-tax system however, though greater caution had been used in this respect, still the corruption of officers must have prevailed; and when we would attempt to reform our revenue, and introduce moderate taxes, it is obvious, that the reformation of the officer, ought to be, one of our chief aims.

I shall shortly state, what has occurred to me, on a general view of this subject.

It is evident, that if the power of corrupting the officer, be in a considerable degree taken from the trader, by the reduction of duties, it will be the

the easier to keep him honest. But to secure this, I would, as much as possible, avoid having officers translated from the over-tax system, to a situation where the taxes were moderate. I would therefore institute, a new set of officers, under the general name of the Reformed Class, into which should be introduced, men of known integrity, wherever they could be found, and as few out of the old system, as was consistent with the proper conduct of the business. The reformed class, should have higher salaries; they should be confined, to the survey of new articles, in which the traders had never known smuggling. They should have a very scanty supply from the old system, the officers of which should in general be allowed to die out. In this way, the reformed class would gradually increase, as the new system prevailed, and the officers of the over-tax system would decrease, as the system itself fell away. I do not pretend to say, what ought to be the salaries of this reformed class. This, with many other circumstances, it is impossible to determine with propriety, but in consequence of being minutely attended to, by an accurate and intelligent surveyor, after he has entered into a

Z

detail

detail of those particulars, which may enable him to form a just opinion.

It is obvious however, to remark, the salutary nature of this proposal; nor can we easily estimate the discouragement that would be given to smuggling, when on the one hand, we enfeebled the power of corruption, and on the other strengthened the resistance, which corruption had to meet with.

But it is not to revenue only, that this would be beneficial. It would diffuse its influence over the characters of traders, and on the laws under which they operated.

S E C T.

S E C T. V.

Cf Reforming the Revenue Laws.

IN imposing taxes, the Legislature creates the temptation to revenue crimes; and afterwards endeavours to counteract that temptation, by the pains and penalties which it threatens, on its being yielded to. We have accordingly remarked, that the harshness and severity of the revenue laws, bears a kind of proportion, to the high rates of duties, which are intended to be secured by them. If, therefore, the rates of duties are low, the laws enforcing their payment, will be mild, when compared with those that would secure taxes, which create a much greater temptation to fraud.

The severity of our Revenue laws, has been generally complained of. But this is a necessary

consequence of the over-tax system; and though such laws are ineffectual, they nevertheless are the only means, which have yet been thought of, by which high duties can probably be secured. We have seen however, that it is their severity, that prevents them from being executed. It stimulates the trader, to corrupt the officer to conceal a fraud; it influences the officer to overlook, what otherwise he would discover; while the ordinary administrators of justice, and the feelings of the people, revolt against the execution of enactments, inadequate, in their apprehension, to the demerit of the crime.

But moderate duties call for milder laws, in proportion to the degree, in which the temptation to crimes is diminished. But in proportion as laws are milder, is the probability, that they will be punctually executed. To this, every consideration will contribute. The trader himself, will be less stimulated to commit revenue offences, because he can less afford to hide his crime, than he was before; the officer must have a less motive to hide it; the magistrate, and the fellow-citizen, perceiving the small temptation to fraud,
and

and approving of the punishment, as not more than adequate to the offence, instead of screening, will be ready to bring forward the delinquent to a punishment, the infliction of which, is consistent with a sense of justice, public utility, and humanity.

Hitherto, the revenue laws of this country have been highly unpopular, which has proceeded chiefly from their extreme severity. The people of England, it has been said, will be their own governors, and the executors of their own laws; it may be supposed, therefore, that when laws are not popular in England, they will not be punctually executed.

But the English are a sensible, generous people; and if a little pains is taken to instruct them, and to shew them, that taxes are not only necessary evils, but a just recompence for the blessings of Government; if Government satisfy them, that taxes are laid on, and levied in the mildest manner possible; that he who defrauds the Revenue, injures his fellow citizen, while he commits an act of public injustice; if Revenue laws shall

shall be made consonant to the spirit of the constitution, and the general sentiments of the people, there is little doubt, I apprehend, that in England, the smuggler would soon be hooted and despised ; and instead of flourishing in every village, and in every corner, would be as rarely met with as the highwayman or murderer.

This picture, however Utopean it may appear, is in fact realized, in some nations in Europe, where the rates of duties are very low ; and instances are given of much greater public virtue in the citizens, than I would be supposed here even to hint at. “ The canton of Underwold in Switzerland, is frequently ravaged by storms and
“ inundations, and is thereby exposed to extraordinary expences. Upon such occasions,
“ the people assemble, and every one is said to
“ declare with the greatest frankness, what he is
“ worth, in order to be taxed accordingly. At
“ Zurich, the law orders, that in cases of necessity, every one should be taxed, in proportion to his revenue, the amount of which,
“ he is obliged to declare upon oath. They
“ have no suspicion, it is said, that any of their
“ fellow

“ fellow citizens will deceive them. At Basil,
“ the principal revenue of the state, arises from
“ a small custom upon goods exported. All
“ the citizens make oath, that they will pay,
“ every three months, all the taxes imposed by
“ the law. All merchants, and even all inn-
“ keepers, are trusted, with keeping themselves
“ the account of the goods which they sell,
“ either within or without the territory. At
“ the end of every three months, they send this
“ account to the treasurer, with the amount of
“ the tax, computed at the bottom of it. It is
“ not suspected, that the revenue suffers by this
“ confidence*.”

It is true indeed, that a great revolution, behoved to take place, in the sentiments of the people, before the happy events which I have now hinted, could take place in this country. But this revolution, great as it may appear, would certainly take place, in consequence of a change in the system of taxation. A system of moderate
taxation,

* See Smith, Book V. Chap. ii.

Memoires concernant les Droits, tome I. p. 74.

taxation, like every thing else, would foster and promote itself. Under its mild regulations and laws, the unreasonableness of smuggling would appear. The people would soon have less prejudice. They would venerate the Revenue code; and this would enable and inspirit the minister to go on in reformation.



THE END.

APPENDIX

A P P E N D I X.

A D V E R T I S E M E N T.

TH E following Accounts are copied, either from the Appendixes of the Revenue Committee 1783, and other papers, laid on the table of the House of Commons, or from a book kept by a Gentleman long in the Excise Office, LONDON, and who was afterwards a SCOTCH Commissioner of Excise. I have had frequent opportunities of comparing these accounts with the Revenue books, and have always found them perfectly accurate.



APPENDIX.

A P P E N D I X, No. 1.

A State of the Gross Produce of the Revenues of
Excise in *England*, from *Michaelmas* 1662 to
Midsummer 1692, both Years included.

From	To	By whom managed.	Amount of the Excise Revenue.		
			<i>L.</i>	<i>s.</i>	<i>d.</i>
Michs. 1662	Michs. 1665	Farmed.	276,019	6	8
Ditto 1665	Midfr. 1668	Ditto.	315,583	0	0
Midfr. 1668	Ditto 1671	Ditto.	340,300	0	0
Ditto 1671	Ditto 1674	Ditto.	475,700	0	0
Ditto 1674	Ditto 1675	Farmed to S. <i>Vincent</i> , Esq. and Part- ners.	605,391	12	6 ³ / ₄
Ditto 1675	Ditto 1676		652,415	19	7
Ditto 1676	Ditto 1677		708,673	13	3 ¹ / ₄
Ditto 1677	Ditto 1678		698,486	17	3
Ditto 1678	Ditto 1679	Managed by <i>Geo.</i> <i>Dark-</i> <i>wood</i> , and Partners.	673,380	9	7 ³ / ₄
Ditto 1679	Ditto 1680		686,640	9	0 ¹ / ₄
Ditto 1680	Ditto 1681		559,786	3	0 ¹ / ₄
Ditto 1681	Ditto 1682		572,670	5	5 ¹ / ₂
Ditto 1682	Ditto 1683		563,422	4	1
Ditto 1683	Ditto 1684		635,444	2	8 ³ / ₄
Ditto 1684	Ditto 1685		676,015	2	4 ¹ / ₄
Ditto 1685	Ditto 1686		709,049	16	5 ³ / ₄
Ditto 1686	Ditto 1687	Managed by Com- missioners.	764,332	7	6 ¹ / ₂
Ditto 1687	Ditto 1688		786,915	12	7
Ditto 1688	Ditto 1689		842,005	4	9 ¹ / ₄
Ditto 1689	Ditto 1690		856,195	17	11 ¹ / ₄
Ditto 1690	Ditto 1691		1,144,775	12	3 ¹ / ₄
Ditto 1691	Ditto 1692		1,374,008	10	0 ¹ / ₄

7



NOV 11 1891

A P P E N D I X, No. II.

An Account of the Quantities of Beer and Ale in *England*, as it appears from the Excise Officers' Books, for Two Periods of Ten Years each, viz. from 1684 to 1693; and from 1694 to 1703.

First Period.

Second Period.

Years.	No. of Barrels of Strong Beer.	No. of Barrels of Small Beer.	Years.	No. of Barrels of Strong Ale.	No. of Barrels of Small Beer.
1684	4,384,093	1,933,924	1694	3,505,470	2,466,323
1685	4,654,564	2,102,021	1695	3,344,377	2,212,326
1686	4,780,097	2,255,062	1696	3,680,478	2,388,703
1687	5,044,311	2,435,169	1697	3,258,056	2,162,286
1688	4,989,000	2,543,856	1698	3,097,225	2,006,678
1689	5,134,309	2,707,726	1699	2,973,464	1,920,810
1690	4,690,711	2,645,656	1700	3,152,080	1,970,769
1691	4,669,544	2,374,731	1701	3,364,121	2,082,031
1692	3,796,805	2,378,642	1702	3,721,345	2,319,268
1693	3,529,498	2,385,996	1703	3,649,426	2,278,451
Average Amounts,	4,567,293	2,376,278	Average Amounts,	3,374,604	2,180,764
	45,672,932	23,762,783		33,746,042	21,807,645



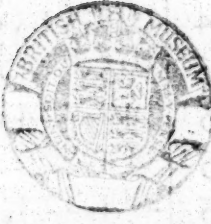
APPENDIX, No. III.

Account of the Quantities of Beer and Ale
in *England*, as appears from the Excise
Officers' Books, from 1684 to 1750.

Years.	No. of Barrels of Strong Beer.	No. of Barrels of Small Beer.	Years	No. of Barrels of Strong Beer.	No. of Barrels of Small Beer.
1684	4,384,993	1,933,924	1718	3,912,900	2,316,432
1685	4,654,564	2,102,021	1719	4,000,245	2,390,567
1686	4,780,097	2,255,062	1720	4,001,612	2,415,400
1687	5,044,311	2,435,169	1721	3,935,717	2,315,737
1688	4,989,000	2,543,856	1722	3,982,066	2,320,118
1689	5,134,309	2,707,726	1723	4,049,091	2,389,248
1690	4,690,711	2,645,656	1724	4,075,871	2,465,695
1691	4,669,544	2,374,731	1725	3,997,249	2,327,351
1692	3,796,805	2,378,642	1726	3,825,790	2,344,191
1693	3,529,498	2,385,996	1727	3,862,350	2,312,054
1694	3,505,470	2,466,323	1728	3,623,537	2,308,540
1695	3,344,377	1,212,326	1729	3,506,473	2,179,553
1696	3,680,478	2,388,703	1730	3,718,317	2,214,568
1697	3,258,056	2,162,286	1731	3,762,507	2,239,766
1698	3,097,225	2,006,678	1732	3,892,845	2,321,751
1699	2,973,464	1,920,810	1733	3,852,431	2,309,012
1700	3,152,080	1,970,769	1734	3,835,400	2,288,200
1701	3,364,121	2,082,031	1735	3,697,900	2,238,500
1702	3,721,345	2,319,268	1736	3,725,400	2,244,200
1703	3,649,426	2,278,451	1737	3,774,300	2,204,800
1704	3,762,251	2,335,197	1738	3,686,383	2,132,000
1705	3,807,257	2,333,333	1739	3,767,000	2,201,200
1706	3,629,897	2,214,636	1740	3,692,500	2,216,800
1707	3,653,664	2,225,669	1741	3,466,000	2,112,700
1708	3,756,920	2,295,008	1742	3,635,700	2,214,800
1709	3,540,031	2,215,883	1743	3,646,900	2,144,100
1710	3,391,799	2,113,862	1744	3,791,500	2,168,000
1711	3,336,286	2,106,970	1745	3,664,100	2,095,800
1712	3,306,696	2,049,313	1746	3,592,800	2,161,600
1713	3,474,724	2,060,134	1747	3,774,400	2,136,200
1714	3,596,912	2,125,762	1748	3,885,800	2,204,200
1715	3,631,471	2,116,604	1749	3,913,100	2,132,700
1716	3,685,100	2,157,941	1750	3,851,800	2,178,000
1717	3,785,455	2,213,060			

Account of the annual statistics of the
 of the
 of the

Year	Population	Births	Deaths	Migrations
1790	1,000,000	100,000	100,000	0
1800	1,100,000	110,000	110,000	0
1810	1,200,000	120,000	120,000	0
1820	1,300,000	130,000	130,000	0
1830	1,400,000	140,000	140,000	0
1840	1,500,000	150,000	150,000	0
1850	1,600,000	160,000	160,000	0
1860	1,700,000	170,000	170,000	0
1870	1,800,000	180,000	180,000	0
1880	1,900,000	190,000	190,000	0
1890	2,000,000	200,000	200,000	0
1900	2,100,000	210,000	210,000	0
1910	2,200,000	220,000	220,000	0
1920	2,300,000	230,000	230,000	0
1930	2,400,000	240,000	240,000	0
1940	2,500,000	250,000	250,000	0
1950	2,600,000	260,000	260,000	0
1960	2,700,000	270,000	270,000	0
1970	2,800,000	280,000	280,000	0
1980	2,900,000	290,000	290,000	0
1990	3,000,000	300,000	300,000	0
2000	3,100,000	310,000	310,000	0
2010	3,200,000	320,000	320,000	0
2020	3,300,000	330,000	330,000	0
2030	3,400,000	340,000	340,000	0
2040	3,500,000	350,000	350,000	0
2050	3,600,000	360,000	360,000	0
2060	3,700,000	370,000	370,000	0
2070	3,800,000	380,000	380,000	0
2080	3,900,000	390,000	390,000	0
2090	4,000,000	400,000	400,000	0
2100	4,100,000	410,000	410,000	0



APPENDIX, Nos. IV, V, VI.

Account of the annual Quantities of Twopenny Ale in Scotland, from the Introduction of the Excise into that Country, to 1784.

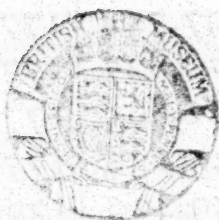
IV.		V.		VI.	
Years.	Barrels of Twopenny Ale.	Years.	Barrels of Twopenny Ale	Years.	Barrels of Twopenny Ale
1708	288,336	1741	269,994 $\frac{3}{4}$	1762	291,240
1709	449,625	1742	298,623 $\frac{1}{2}$	1763	260,966
1710	432,129 $\frac{1}{2}$	1743	342,792 $\frac{1}{4}$	1764	216,537 $\frac{3}{4}$
1711	452,523 $\frac{1}{4}$	1744	370,250 $\frac{3}{4}$	1765	105,472 $\frac{1}{2}$
1712	487,172 $\frac{1}{4}$	1745	360,430 $\frac{3}{4}$	1766	186,104 $\frac{1}{4}$
1713	504,830 $\frac{3}{4}$	1746	306,453 $\frac{1}{4}$	1767	171,311 $\frac{1}{4}$
1714	472,466 $\frac{1}{4}$	1747	336,419 $\frac{1}{4}$	1768	169,107
1715	442,343 $\frac{3}{4}$	1748	352,648 $\frac{3}{4}$	1769	177,566 $\frac{1}{2}$
1716	439,786 $\frac{1}{2}$	1749	362,513 $\frac{1}{4}$	1770	172,165 $\frac{3}{4}$
1717	504,886	1750	365,624 $\frac{1}{4}$	1771	171,833 $\frac{1}{2}$
1718	521,402 $\frac{3}{4}$	1751	340,224 $\frac{1}{4}$	1772	162,056 $\frac{1}{4}$
1719	529,683 $\frac{3}{4}$	1752	314,809 $\frac{1}{2}$	1773	147,500 $\frac{1}{4}$
1720	520,478 $\frac{1}{2}$	1753	284,823 $\frac{1}{4}$	1774	132,079 $\frac{1}{2}$
1721	490,626	1754	280,870 $\frac{1}{4}$	1775	128,435 $\frac{1}{4}$
1722	491,152 $\frac{1}{2}$	1755	294,630 $\frac{3}{4}$	1776	127,285 $\frac{1}{4}$
1723	462,089 $\frac{1}{2}$	1756	297,802 $\frac{1}{2}$	1777	140,026 $\frac{1}{4}$
1724	492,043 $\frac{3}{4}$	1757	261,890 $\frac{1}{4}$	1778	154,291 $\frac{1}{2}$
1725	442,243 $\frac{3}{4}$	1758	231,544	1779	152,465 $\frac{1}{2}$
1726	427,796 $\frac{3}{4}$	1759	268,497 $\frac{1}{2}$	1780	160,233 $\frac{1}{2}$
1727	446,375 $\frac{1}{4}$	1760	318,967 $\frac{3}{4}$	1781	159,760 $\frac{3}{4}$
1728	527,352 $\frac{1}{2}$			1782	138,233 $\frac{3}{4}$
1729	400,500 $\frac{1}{2}$			1783	110,230
1730	425,525 $\frac{1}{4}$			1784	97,577 $\frac{1}{2}$
1731	459,854 $\frac{3}{4}$				
1732	464,407				
1733	463,837				
1734	457,265				
1735	435,091				
1736	414,651 $\frac{1}{2}$				
1737	396,754 $\frac{3}{4}$				
1738	380,786 $\frac{1}{4}$				
1739	392,464 $\frac{1}{4}$				
1740	363,662 $\frac{1}{2}$				



APPENDIX, No. VII.

Account of the Quantities of Low Wines and Spirits in *England*, from
1694, to 1751.

Years.	Gallons of Low Wines from malted Corn.	Years.	Gallons of Low Wines from malted Corn.	Years.	Gallons of Low Wines from malted Corn.	Years.	Gallons of Low Wines from malted Corn.
1694	1,885,752	1710	2,708,005	1726	5,357,209	1742	11,935,800
1695	2,169,753	1711	2,674,644	1727	6,239,204	1743	12,498,800
1696	2,608,183	1712	2,544,047	1728	6,728,972	1744	10,581,900
1697	1,862,848	1713	2,571,928	1729	6,461,544	1745	11,284,200
1698	1,814,241	1714	2,350,741	1730	4,876,574	1746	10,932,400
1699	1,620,496	1715	2,490,567	1731	5,718,102	1747	11,619,100
1700	1,332,351	1716	2,901,712	1732	5,749,102	1748	11,367,500
1701	1,723,522	1717	3,294,772	1733	6,570,153	1749	10,647,500
1702	1,654,430	1718	3,111,566	1734	8,244,982	1750	10,599,300
1703	1,615,536	1719	3,348,238	1735	8,991,300	1751	11,200,000
1704	2,017,200	1720	3,327,093	1736	8,476,000	1752	7,022,000
1705	1,937,013	1721	3,713,143	1737	6,018,600	1753	7,666,000
1706	1,247,297	1722	3,977,002	1738	7,861,000	1754	7,901,000
1707	2,441,436	1723	4,999,332	1739	8,151,900	1755	7,364,000
1708	2,111,537	1724	4,708,867	1740	9,592,500	1756	7,393,000
1709	2,249,300	1725	5,124,531	1741	10,879,900		



APPENDIX, No. VIII.

Account of the Quantity of Spirits
charged with Duty in *England*,
from 1760 to 1783.

Years.	Gallons of Spirits charged with Duty.	Years.	Gallons of Spirits charged with Duty.
1760	770,208	1772	2,362,233
1761	2,714,119	1773	1,993,297
1762	1,251,719	1774	1,785,982
1762*	921,150	1775	2,253,507
1763	1,997,744	1776	2,201,011
1764	1,970,827	1777	2,325,435
1765	1,982,865	1778	2,792,791
1766	2,245,130	1779	2,604,980
1767	1,759,420	1780	2,642,812
1768	1,905,561	1781	2,431,949
1769	2,263,107	1782	2,167,544
1770	2,340,376	1783	1,364,801
1771	2,276,063		

* In this year there was an additional duty.



APPENDIX, No. IX.

Account of the Quantities of Spirits
from malted Corn in *Scotland*, from
from the Union to 1756.

Years.	Gallons of Spirits.	Years.	Gallons of Spirits.
1708	50,844 $\frac{1}{4}$	1733	115,294 $\frac{1}{2}$
1709	65,922 $\frac{1}{2}$	1734	120,978 $\frac{1}{2}$
1710	79,989 $\frac{3}{4}$	1735	104,036
1711	24,513 $\frac{1}{4}$	1736	114,833 $\frac{1}{2}$
1712	151,066 $\frac{1}{2}$	1737	264,376 $\frac{1}{2}$
1713	110,873 $\frac{3}{4}$	1738	272,080 $\frac{1}{2}$
1714	75,046	1739	209,531 $\frac{1}{2}$
1715	68,484	1740	208,230
1716	58,278 $\frac{1}{2}$	1741	137,663
1717	71,576 $\frac{1}{2}$	1742	177,045
1718	63,834 $\frac{1}{2}$	1743	193,177
1719	53,137 $\frac{1}{2}$	1744	212,069
1720	47,370	1745	340,005
1721	50,601	1746	294,974
1722	62,575	1747	386,351
1723	40,485	1748	387,400 $\frac{1}{2}$
1724	51,071 $\frac{1}{2}$	1749	436,576 $\frac{1}{2}$
1725	102,013	1750	450,883 $\frac{1}{2}$
1726	143,603	1751	497,134
1727	172,303	1752	543,038
1728	141,638	1753	538,221
1729	125,435 $\frac{1}{2}$	1754	467,819 $\frac{1}{2}$
1730	125,348	1755	418,714 $\frac{1}{2}$
1731	156,508 $\frac{1}{2}$	1756	433,111 $\frac{1}{2}$
1732	160,189 $\frac{1}{2}$		



APPENDIX, No. X.

Account of the Quantities of Spirits
in *Scotland*, from 1760 to 1784.

Years.	Gallons of Spirits.	Years.	Gallons of Spirits.
1760	14,546	1773	46,644 $\frac{1}{2}$
1761	48,035	1774	44,725
1762	37,386	1775	45,988
1763	30,639 $\frac{1}{2}$	1776	46,590 $\frac{1}{2}$
1764	32,537	1777	53,501
1765	34,307	1778	64,826
1766	35,259	1779	88,163
1767	33,859	1780	217,901
1768	44,973	1781	219,935
1769	53,229	1782	264,425
1770	44,732	1783	184,487
1771	44,269	1784	268,503
1772	48,740		

APPENDIX No. XI

Account of the Quarries of
Lancashire, Yorkshire, &c.
from 1800 to 1850

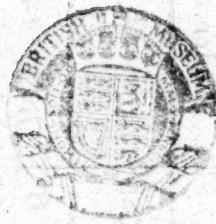
Year	Quarry	Value
1800	Wharfedale	1000
1801	Wharfedale	1000
1802	Wharfedale	1000
1803	Wharfedale	1000
1804	Wharfedale	1000
1805	Wharfedale	1000
1806	Wharfedale	1000
1807	Wharfedale	1000
1808	Wharfedale	1000
1809	Wharfedale	1000
1810	Wharfedale	1000
1811	Wharfedale	1000
1812	Wharfedale	1000
1813	Wharfedale	1000
1814	Wharfedale	1000
1815	Wharfedale	1000
1816	Wharfedale	1000
1817	Wharfedale	1000
1818	Wharfedale	1000
1819	Wharfedale	1000
1820	Wharfedale	1000
1821	Wharfedale	1000
1822	Wharfedale	1000
1823	Wharfedale	1000
1824	Wharfedale	1000
1825	Wharfedale	1000
1826	Wharfedale	1000
1827	Wharfedale	1000
1828	Wharfedale	1000
1829	Wharfedale	1000
1830	Wharfedale	1000
1831	Wharfedale	1000
1832	Wharfedale	1000
1833	Wharfedale	1000
1834	Wharfedale	1000
1835	Wharfedale	1000
1836	Wharfedale	1000
1837	Wharfedale	1000
1838	Wharfedale	1000
1839	Wharfedale	1000
1840	Wharfedale	1000
1841	Wharfedale	1000
1842	Wharfedale	1000
1843	Wharfedale	1000
1844	Wharfedale	1000
1845	Wharfedale	1000
1846	Wharfedale	1000
1847	Wharfedale	1000
1848	Wharfedale	1000
1849	Wharfedale	1000
1850	Wharfedale	1000



APPENDIX, No. XI.

Account of the Quantities of
Brandy imported into *Eng-
land*, from 1684 to 1720.

Years.	Gallons of Brandy.	Years.	Gallons of Brandy.
1684	1,248,381	1703	56,292
1685	1,414,614	1704	140,547
1686	915,429	1705	186,387
1687	1,171,680	1706	146,745
1688	1,438,783	1707	110,859
1689	1,989,165	1708	100,890
1690	333,381	1709	54,321
1691	101,613	1710	92,599
1692	55	1711	58,371
1693	5,549	1712	139,786
1694	30,163	1713	111,424
1695	78,000	1714	130,672
1696	50,689	1715	140,501
1697	77,333	1716	142,838
1698	29,198	1717	124,980
1699	91,385	1718	17,847
1700	127,303	1719	21,192
1701	77,318	1720	12,178
1702	75,188		



A P P E N D I X, No. 12.

An Account of the Annual Imports of Foreign Spirits into England, from Christmas 1769, to Christmas 1773, and from Christmas 1778, to Christmas 1782, inclusive; with the Duties paid thereon.

Years.	Arrack.		Duty of the Customs.		Brandy.		Duty of the Customs.		Cordial Water.		Duty of the Customs.		Geneva.		Duty of the Customs.	
	Galls.		L.	s. d.	Tuns.	H. Gall.	L.	s. d.	Gallons.		L.	s. d.	Gallons.		L.	s. d.
1770	3,863		126	13 11	2,301	0 61	19,037	12 7	1,143		143	2 5	26,535		427	— 8
1771	1,909		62	12 10	2,413	1 27	19,942	— —	908		113	14 —	38,781		623	18 6
1772	3,204		105	3 7	1,968	1 28	15,996	15 9	1,173		146	17 3	33,703		543	11 11
1773	6,135		201	6 5	2,125	2 26	17,303	2 10	1,166		145	19 10	32,101		529	3 9
1779	568		19	11 9	2,350	3 59	19,257	— 7	844		110	19 —	109,221		1,843	5 6
1780	579		19	19 —	2,918	— 26	18,318	14 2	755		99	5 —	137,144		2,316	— 4
1781	1,962		69	9 8	2,517	3 2	20,109	19 —	907		122	16 4	72,089		1,244	17 7
1782	210		7	12 3	2,630	3 22	24,301	4 9	839		116	4 9	71,517		1,265	6 5

THOMAS PEARSON,

Customhouse, London,
16th Decr. 1783.

During the Illness of Mr. JOHN TOMKYN,

Assist. Insp^r. Genl.

A P P E N D I X, No. 12. continued.

An Account of the Annual Exports of Foreign Spirits from England, from Christmas 1769 to Christmas 1773, and from Christmas 1778 to Christmas 1782, inclusive; with the Drawbacks paid thereon.

Years.	Arrack.	Drawback of the Custom Duty.	Brandy.	Drawback of the Custom Duty.	Cordial Water.	Drawback of the Custom Duty.	Geneva.	Drawback of the Custom Duty.
	Gallons.	L. s. d.	T. H. G.	L. s. d.	Gallons.	L. s. d.	Gallons.	L. s. d.
1770	196	6 5 —	— 3 34	6 13 2	39	4 7 9		
1771	356	10 10 —	— 3 61	7 11 7	100	11 14 9		
1772	286	8 12 7	— 3 10	5 19 3	20	2 4 10		
1773	102	3 1 3	— 3 17	6 2 3				
1779	176	5 10 9	31 1 1	250 1 2	5	— 11 10		
1780	97	3 1 3	13 2 10	101 19 4	—	— — —	5	— 1 4
1781	—	— — —	1 1 61	12 3 9	32	3 18 6		
1782	32	1 — 10	135 3 40	1,156 — 3	25	3 1 —		

Customhouse, London,
16th Decr. 1783.

JN^o. TOMKYNs, Asst. Insp^r. Gen^l.

APPENDIX, No. XII.

Abstract taken up from the preceding Account.

No. 14
Cotton

Average quantity of Arack which

remains for consumption for the first

3543

four Years

234400

ditto

Disto Brandy

30280

ditto

Disto Geneva

1027

ditto

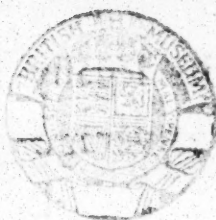
Disto Cerebral Water

Gallon of Spirit reported

annually on an average of four

280120

Years, 1775



278

Arack

042112

Brandy

17492

Geneva

3223

Cerebral Water

Gallon of Spirit reported

annually on an average of four

Years, 1775

APPENDIX, No. XII.

Addend, made up from the Two preceding Accounts.

	No. of Gallons.
Average Quantity of Arrack which remains for Consumption for the first four Years - - - -	3543
Ditto - Brandy, - - ditto -	554,400
Ditto - Geneva, - - ditto -	30,280
Ditto - Cordial Waters, - ditto -	1057
Gallons of Spirits legally imported annually, on an average of Four Years, to 1773, - - -	589,280

Arrack, - - - -	778
Brandy, - - - -	643,112
Geneva, - - - -	97,492
Cordial Waters, - - - -	3283

Gallons of Spirits legally imported annually, on an Average of Four Years, to 1782, - - -	744,665



APPENDIX, No. XIII.

Estimate of the Quantity of Spirits smuggled into *Great Britain*.

The Revenue Committee, in their First Report, dated 21st *December* 1783, page 6th, say, "It is computed, from the best examinations, that upwards of twenty millions of pounds of tea, and *thirteen millions of gallons of Brandy, have been smuggled into the Kingdom within the last three years.*" Again, page 15th, "With regard to foreign spirits, your Committee mentioned the information of the *English* Commissioners of Excise, that upwards of thirteen millions of gallons of brandy and other spirits have been smuggled into the Kingdom within the last three years."

This makes the quantity annually smuggled upwards of 4,300,000 *

* *Note*, The following estimate of the quantity of foreign spirits annually smuggled, was afterwards handed about; but as I am not sure of its authenticity, I have not founded upon it.

	Gallons.
Kent,	1,200,000
Suffex,	1,000,000
Hampshire,	700,000
Dorsetshire,	600,000
Cornwall,	500,000
Somerfetshire	400,000
Wales,	200,000
Gloucestershire,	100,000
Devonshire,	600,000
Effex,	300,000
Lancashire,	600,000
Westmoreland,	100,000
Cumberland,	100,000
Scotland,	1,000,000
Northumberland,	100,000
Yorkshire,	300,000
Lincolnshire,	100,000
Norfolk,	600,000
Suffolk,	600,000
Total,	9,100,000

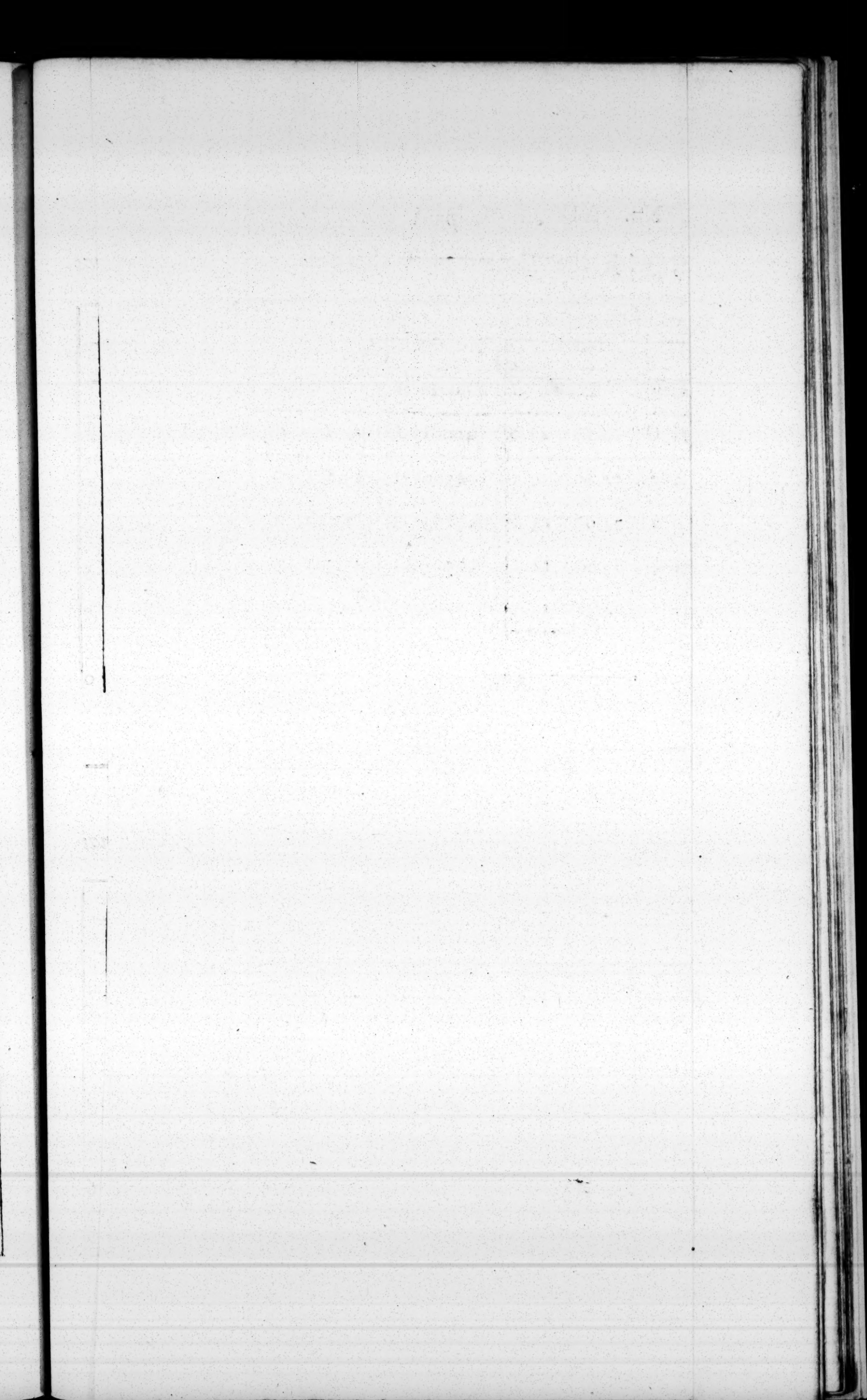
A P P E N D I X, No. XIV.

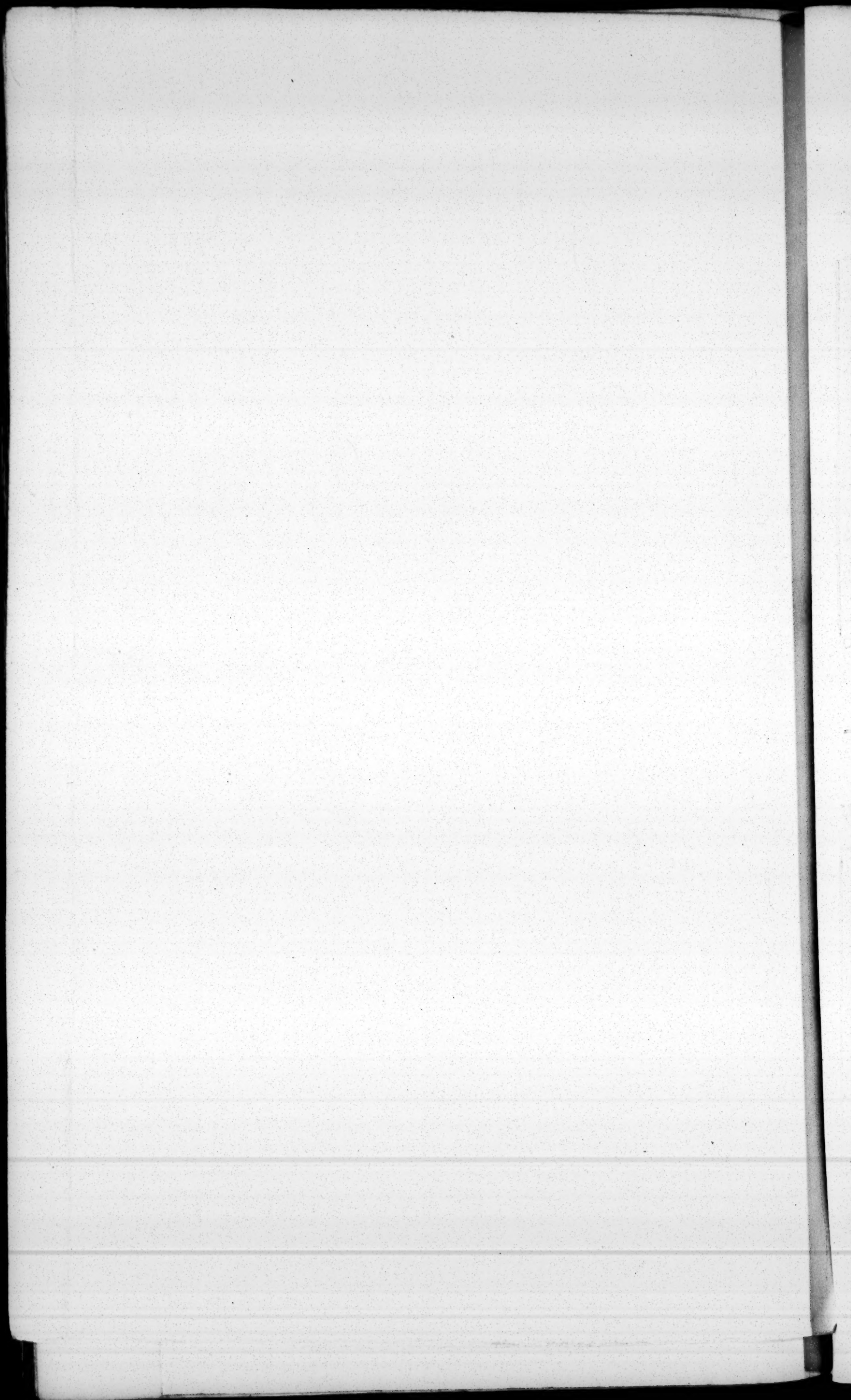
An ACCOUNT of the Annual Imports of Wine into *England*, from *Christmas* 1769 to *Christmas*

WINES imported from <i>Christmas</i> 1769 to <i>Christmas</i> 1773.												
	1770.			1771.			1772.			1773.		
	Quantities.		Duties.	Quantities.		Duties.	Quantities.		Duties.	Quantities.		Duties.
	Tuns.	H. G.	L. s. d.	Tuns.	H. G.	L. s. d.	Tuns.	H. G.	L. s. d.	Tuns.	H. G.	L. s. d.
<i>French,</i>	468	2 27	30,959 19 11	535	3 30	35,372 15 11	475	3 17	31,406 17 10	494	1 61	32,628 2 0
<i>Portugal,</i>	11,919	3 18	327,884 14 10	12,396	2 7	339,102 14 2	11,957	3 52	326,191 14 4	11,847	0 44	324,284 8 0
<i>Spanish,</i>	4,194	3 59	118,502 10 4	3,777	0 49	106,080 3 7	3,012	2 28	85,064 14 5	3,965	0 12	110,038 12 5
<i>Rhenish,</i>	140	2 62	4,974 12 9	164	3 62	5,831 4 9	151	1 8	5,147 17 6	125	0 39	4,435 3 7
Total } Duties, }	—		482,321 17 10	—		486,386 18 5	—		447,811 4 1	—		471,386 6 0

An ACCOUNT of the Annual Exports of Wines from *England*, from *Christmas* 1769 to *Christmas*

WINES exported from <i>Christmas</i> 1769 to <i>Christmas</i> 1773.												
	1770.			1771.			1772.			1773.		
	Quantities.		Drawbacks.	Quantities.		Drawbacks.	Quantities.		Drawbacks.	Quantities.		Drawbacks.
	Tuns.	H. G.	L. s. d.	Tuns.	H. G.	L. s. d.	Tuns.	H. G.	L. s. d.	Tuns.	H. G.	L. s. d.
<i>French,</i>	167	1 56	3,941 4 9	236	3 62	4,344 18 0	167	1 18	3,914 6 10	160	3 6	3,800 4 10
<i>Portugal,</i>	432	0 24	13,152 8 10	699	1 22	15,769 4 7	699	2 19	15,411 14 7	1,155	2 15	26,145 12 10
<i>Spanish,</i>	682	0 57	26,768 19 1	481	3 2	11,137 13 6	494	2 37	11,477 4 3	1,091	0 45	15,117 17 7
<i>Rhenish,</i>	25	3 15	678 16 0	28	3 55	731 8 11	18	0 1	488 14 7	24	2 16	685 3 6
Total Drawbacks.	—		44,541 8 8	—		31,983 5 0	—		31,292 0 3	—		45,748 18 9





A P P E N D I X, No. XIV.

1773, and from *Christmas* 1778 to *Christmas* 1782, with the Duties paid thereon.

WINES imported from <i>Christmas</i> 1778 to <i>Christmas</i> 1782.							
1779.		1780.		1781.		1782.	
Quantities.	Duties.	Quantities.	Duties.	Quantities.	Duties.	Quantities.	Duties.
Tuns. H. G.	L. s. d.	Tuns. H. G.	L. s. d.	Tuns. H. G.	L. s. d.	Tuns. H. G.	L. s. d.
363 0 34	28,031 4 9	376 1 33	30,929 1 0	378 3 38	34,417 1 6	456 3 14	43,814 16 3
10,127 2 9	350,380 7 1	17,107 1 48	643,351 7 1	10,963 0 28	472,060 15 0	8,063 0 58	352,442 14 8
2,180 2 52	76,815 3 6	2,902 2 30	109,614 12 0	1,875 1 46	82,097 12 6	1,051 3 15	46,325 7 0
88 3 41	3,653 1 8	128 0 54	5,636 9 0	94 1 34	4,505 14 0	219 1 15	10,991 10 6
—	458,879 17 0	—	789,531 9 1	—	593,081 3 0	—	453,574 8 5

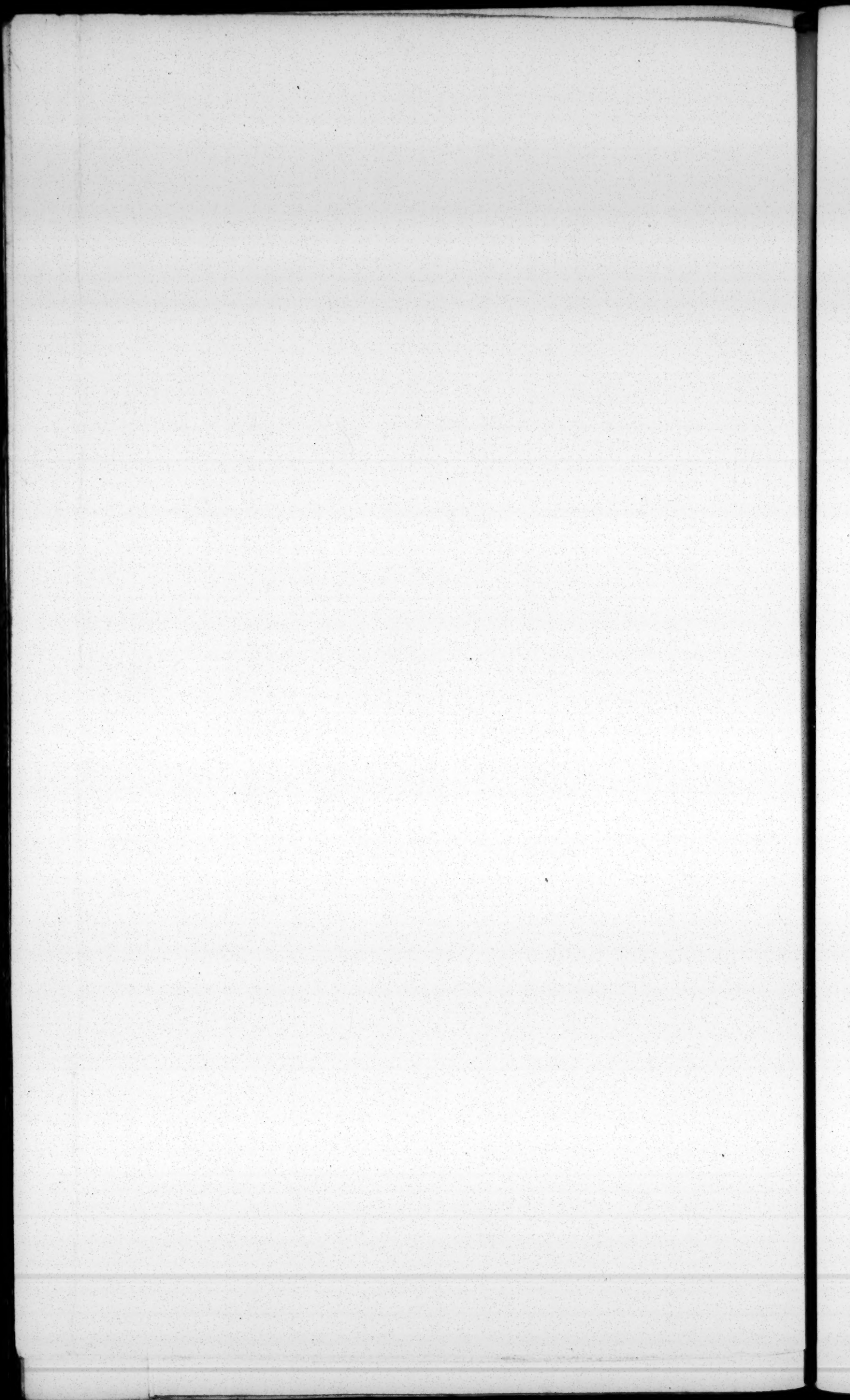
Customhouse, London,
8th December 1783.

JN. TOMKYNS, Assist. Inspect. Gen.

1773, and from *Christmas* 1778 to *Christmas* 1782, with the Drawbacks paid thereon.

WINES exported from <i>Christmas</i> 1778 to <i>Christmas</i> 1782.							
1779.		1780.		1781.		1782.	
Quantities.	Drawbacks.	Quantities.	Drawbacks.	Quantities.	Drawbacks.	Quantities.	Drawbacks.
Tuns. H. G.	L. s. d.	Tuns. H. G.	L. s. d.	Tuns. H. G.	L. s. d.	Tuns. H. G.	L. s. d.
128 1 5	4,322 0 5	174 2 26	7,677 19 6	201 2 18	10,299 19 8	188 1 22	9,600 16 8
500 1 60	13,606 15 5	1,727 3 18	54,491 12 2	966 0 28	37,570 11 9	585 1 33	22,824 14 6
1,055 0 61	30,581 2 9	1,500 3 19	49,633 5 8	577 1 19	21,139 5 10	341 0 49	13,752 17 4
15 3 11	552 18 0	19 1 53	744 11 0	19 3 41	759 6 4	23 0 18	969 1 5
—	49,062 16 7	—	112,547 8 4	—	69,769 3 7	—	47,147 9 11

Customhouse, London,
16th December 1783.THOMAS PEARSON,
During the Illness of Mr. JOHN TOMKYNS,
Assist. Inspect. Gen.



Addend to Appendix, No. XIV.

	No. of Tuns, in first Period, <i>viz.</i> from 1770 to 1773.	No. of Tuns, in second Pe- riod, <i>viz.</i> from 1772 to 1782.
Total Quantity imported,	65,617	56,375
Total exported, - -	6,595	8,026
Remains, (4)	59,022	48,349
Average Quantity legally imported, <i>viz.</i> } -	14,775	12,087

APPENDIX No. XV

To the Honorable the Commons of Great Britain
in Parliament assembled,
The humble Petition of the Town Dwellers in
and about the City of London,

Sheweth

THAT your petitioners have embarked very
considerable sums of money in erecting buildings,
and providing materials for carrying on the
same, under the sanction
of the laws



That your petitioners, through their representatives,
compose a corporation and extent of their manors,
and other lands, of the whole
city of London, and the proportion part to the
Londoners, and the said corporation, and the
to the public, and the said corporation, and the

17th

A P P E N D I X, No. XV.

To the Honourable the Commons of Great Britain in Parliament assembled,

The humble PETITION of the Corn Distillers in and about the City of London ;

Sheweth,

THAT your petitioners have embarked very considerable capitals, in erecting buildings, and providing utensils and materials, for carrying on the Corn Distillery, under the sanction of the laws.

That your petitioners, though few in number, comprize, in importance and extent of their manufactories, upwards of 11-12ths of the whole distillery of England ; the proportion paid by the London Distillery the last year, ending 5th July, to the public Revenue, being nearly as *L.*310,000 to *L.*25,000.

That,

That, alarmed at the surprizing decrease of, and impending ruin to, a trade of so much importance to the landed interest, as well as to the Revenue of this country, your petitioners have endeavoured to investigate the causes of its late rapid declension ; and the deeper their researches, the more they are induced to impute it to the fraudulent practices of the smuggler and illicit trader.

The Corn Distillery, which upwards of twenty years ago, was a market for, and took 500,000 quarters of corn annually, has not, of later years, made a demand for more than 150,000 quarters.

The great encouragement to the increase of agriculture, and the resulting benefit to the landed property, under the former state, are too obvious to suffer the late destructive change to pass unnoticed.

With respect to the Revenue, your petitioners conceive it will be found, on enquiry, that about the year 1750, when the impost or duties upon
corn

corn spirits were only about *L.12 per ton*, the Corn Distillery yielded a revenue to Government of about *L.500,000* annually; and, to come nearer the present time, that in 1778 the duties amounted to *L.540,000*, and upwards.

In 1779, 1780, 1781, and 1782, additional imposts were laid on, with a view to aid and increase the Revenue, and such increase was estimated at upwards of *L.135,000* additional yearly revenue; yet, in the year 1783, it will be found that the whole produce of the distillery was about *L.335,000* only.

Thus instead of the promised increase of revenue by the additional imposts, this one article of British manufactory, which, in 1750, at an impost of about *L.12 per ton*, produced *L.500,000*; in 1778, at an impost of *L.49 per ton*, produced *L.540,000*; in 1783, at an impost of *L.62 per ton*, produces only *L.335,000*, which is *L.165,000* short of what it was in 1750, and *L.340,000* a year short of the promised increase.

Your

Your petitioners, in the course of this enquiry, have every reason to believe, that it is not from any decrease in the consumption of spirits in England that this change arises; on the contrary, that the demand and consumption have greatly increased; and that this material deficiency of the public revenue is owing to the introduction of foreign spirits by the smuggler, and by the illicit trade of secret manufactories in Great Britain, and other evasion of duties.

And your petitioners have submitted this short sketch, or comparative view of the past and present state of the Corn Distillery, in order to shew that, in proportion to the increase of the imposts, such has been the increase of the bounty or profit to the illicit trader; that the temptation exceeds the force of all our restrictive laws; and what was intended as an additional aid to Government, has operated in diminution of the Revenue, by encouraging fraudulent practices, and in effect prohibiting the fair trader.

That although your petitioners conceive themselves entitled to the protection and encouragement

ment of the Legislature, it is not their interests alone that are at stake. The Corn Distillery is evidently of great national importance : and the defalcation of the Revenue calls not more forcibly for the interposition of the minister, than the revival of a failing market for our staple, the corn trade, and averting the injury to the landed property, call for the attention of the country gentlemen ;

The protection of the fair trader,—the increase of his manufacture,—the ends of Government with respect to Revenue ; and,—the maintaining or increasing the value of the landed property, being, as your petitioners conceive, inseparable from their interests.

Your petitioners therefore humbly pray,

That this important matter may be taken into consideration, and that relief may be afforded,

Whether by such a reduction of the late unproductive imposts, as may remove the

c

temptations

temptations to the fraudulent and illicit trader, and consequently render further restrictive laws unnecessary ;

Or, by more effectual restrictions, and better enforced regulations, suppressing the frauds, and making these additional imposts answer the ends for which they were laid on.

Or otherwise, as in your wisdom shall seem meet.

BELLS, GOSSE, & BENWELL,
COOKE, WILBIE, SAYER, & SMITH,
CURRIE & BYLES,
JOHNSON, PAYNE, HODGSON, & SNAITH,
LE FEVRE, HATCH & SMITH,
LIPTRAP, MILWARD, & COTTERILL,
METCALFE & CO.
DAVID. ROBERTS & CO.



APPENDIX,

APPENDIX, No. XVI.

REPORT of the Commissioners of Excise, upon
the PETITION of the Corn Distillers.

THE Commissioners of Excise beg leave in pursuance of an order of the Committee appointed by the honourable the House of Commons, to enquire into the illicit practices used to defraud the Revenue of this Kingdom to submit to the consideration of the Committee the following observations upon the Petition presented to that Honourable House by the Corn Distillers in and about the city of London.

That the landed interest, the commerce, and the revenue of the Kingdom, derive great benefit from the Corn Distillery, is a fact that cannot be doubted; and it necessarily follows, that it ought to be encouraged and supported, unrestrained by any other regulations than those that are essential to the security of the Revenue, and to the preservation of the health and morals of the people.

The debauchery that prevailed amongst the lower classes of the people in this nation, from the excessive drinking of spirituous liquors, at the first period to which the Petition of the Corn Distillers refers, and for several years antecedent thereto, occasioned such a consumption of British spirits as fully accounts for the large Revenue stated by the petitioners to arise from that commodity at that period ; and it appears, from the books of this office, that at an average of seven years, ending Midsummer 1751, the annual quantity of low wines extracted from corn was eleven million one hundred and six thousand one hundred and seventeen gallons.

The regulations and restrictions to which the retailers of spirituous liquors were subjected, and the additional duties imposed soon after that period, with a view to check the licentiousness of the people in this article, had a considerable effect on the Corn Distillery ; insomuch that, at an average of seven years, ending at Midsummer 1758, the annual quantity of low wines extracted from malted corn, was no more than six million eighty-

eighty-one thousand three hundred and seventy gallons.

The scarcity of corn in the years 1758 and 1759, induced a total prohibition of the Corn Distillery in those years; and the market was wholly supplied with spirits extracted from melasses: this circumstance, combined with the further heavy additional duty laid upon the Distillery in 1760, operated greatly to the injury of the Corn Distillery; infomuch that, at an average of twenty-two years, ending at Midsummer 1782, the annual quantity of low wines extracted from corn appears to have been only three million seven hundred and ten thousand seven hundred sixty-two gallons.

It must be observed, however, that the quantity of low wines extracted from corn in the four last years of that period exceeds, though but in a small degree, the produce of any other four years of the whole period; notwithstanding the additional duties complained of by the petitioners had, in part, taken effect in those years.

The

The Commissioners of Excise do not, however, argue from these facts, that the Corn Distillery is not in a declining state; the failure of the Revenue in the year ending at *Midsummer* last is a clear evidence of the justice of the complaint made by the petitioners; and, as far as it affects the subscribers to the Petition in particular, it is still further corroborated by a statement of the quantity of low wines extracted from corn in the Distilleries in and about London in the months of July, August, September, October, and November 1781, compared with the quantity extracted in the same months 1783, in so far as the accounts have been returned to the Office of Excise.

In the former period, the quantity was six hundred twenty-five thousand one hundred seventy-one gallons; in the latter period, two hundred sixty-four thousand eight hundred and three gallons.

The rapid decline of the Corn Distillery of England in the year 1783, it is submitted, can be attributed only to the following causes;

First,

First, To the immense quantity of foreign spirits introduced by the smugglers, and of melasses spirit privately made in places of concealment: both which evils have of late increased to a very great degree.

Secondly, To the frauds committed in the country Distilleries, and more especially at Bristol. And,

Thirdly, To the large quantities of spirits, which, for want of proper regulations, are imported from Scotland, under circumstances of great disadvantage to the Distilleries of this part of the Kingdom.

To these causes the petitioners add, the effect of the additional duties and *per cents.* imposed since the year 1779: but, although we admit that the whole of those additional duties did not come into full operation till the year 1783, yet it is submitted, at the same time, that, as the Corn Distillery was in a better state in the year 1779, 1780, 1781, and 1782, than it had been in any antecedent period of the same extent since the
year

year 1760, the decline in the year 1783 ought not to be attributed, at least but in a very inconsiderable degree, to the additional duties laid in those four years.

*Excise Office,
London, 13th January, 1784.*

D. PAPILLON,
W. LOWNDES,
W. BURRELL,
ST. BROOKSBANK,
J. POWNALL,
M. WHISH.



APPENDIX,

APPENDIX, No. XVII.

AMOUNT of the Quantities and Duties on Low Wines and Spirits made in the Lands of *Ferrintosh*, from 6th July, 1762, to 5th July, 1783.

	Low Wines	Spirits.	Duties.		
	Gallons.	Gallons.	£.	s.	d.
1763	68,733	41,268	6,016	15	7½
1764	83,979	50,462	7,355	3	1½
1765	112,582	67,544	9,850	8	9
1766	114,600	68,741	10,025	14	4½
1767	107,378	64,409	9,393	18	1½
1768	163,027	97,840	14,267	1	10½
1769	146,284	87,761	12,798	19	4½
1770	151,309	89,715	13,139	3	9
1771	156,862	94,327	13,745	1	10½
1772	152,529	91,587	13,352	16	3
1773	111,253	66,750	9,734	9	4½
1774	118,774	71,265	10,392	15	7½
1775	112,165	67,414	9,825	4	4½
1776	136,939	82,343	11,999	0	0
1777	138,650	83,262	12,138	12	6
1778	129,608	79,071	11,463	3	1½
1779	148,506	88,731	13,140	16	0½
1780	206,796	123,965	19,313	0	0½
1781	187,066	111,820	19,634	18	7½
1782	186,286	111,741	20,317	2	5
1783	113,773	67,319	12,776	8	5½
For the Year ended at 5th July - -	2,847,099	1,707,355	260,608	13	8½

APPENDIX, No. XVIII.

An Account of the Quantities of Annual Malt, Brandy, Rum, Low Wines, and 1775, compared with 1780, 1781, and 1782; shewing the Amount

	Quantities and Amount of Years ended 5th July,	
	1773, 1774, 1775.	
	Quantities.	Amount.
Annual Malt, at 6d. per Bushel, - -	72,588,010 $\frac{6}{10}$	1,814,700 5 4 $\frac{1}{2}$
Double Brandy, at 12s. 8d. per Gallon, }	1,589 $\frac{5}{8}$	1,006 15 3
Additional Duty, at 2s. — Do. - }		
Single Brandy, at 6s. 8d. Do. - }	1,839,519 $\frac{3}{4}$	613,173 1 8
Additional Duty, at 1s. — Do. - }		
Double Brandy, at 12s. 8d. Do. - }	5 $\frac{1}{2}$	3 9 8
Additional Duty, at 2s. — Do. - }		
Foreign Rum, at 6s. 8d. Do. - }	2,029 $\frac{1}{4}$	676 8 4
Additional Duty, at 1s. — Do. - }		
Single Rum, at 4s. 8d. Do. - }	4,130,128 $\frac{1}{2}$	963,696 13 0
Additional Duty, at 1s. — Do. - }		
Low Wines from Corn, at 10 ^l . per Gal. }	9,974,237 $\frac{1}{2}$	415,593 4 7 $\frac{3}{4}$
Additional Duty at 1d. per Gal. }		
Do. from Corn, Double Duty, - - }	83 $\frac{1}{2}$	6 19 2 $\frac{1}{4}$
Do. from Corn relanded, at 3 ^l . 12s. per Ton, }	1,902 $\frac{1}{2}$	27 3 6 $\frac{3}{4}$
Do. from Melasses, at 2s. 6d. per Gal. — }	930,611	116,326 9 4 $\frac{1}{2}$
Additional Duty at 3d. per Gal. }		
Do. from foreign Wine or Cider im- }	10	1 7 6
ported, at 2s. 9d. per Gal. - }		
Additional Duty, at 3d. per Gal, - - }		
Do. from Malted Corn for Home Con- }	5,450	875 17 10 $\frac{3}{4}$
sumption, at 40 ^l . 10s. per Ton, - }		
Do. from Melasses far ditto at 40 ^l . 10s. }	63,761 $\frac{1}{2}$	10,247 7 1 $\frac{1}{2}$
per Ton, }		
Spirits from Corn, at 2s. 6d. per Gal. — }	6,010,680 $\frac{1}{6}$	751,335 0 9
Additional Duty at 3 ^l . per Gal. }		
Do. from Corn, Double Duty, - - }	50 $\frac{1}{10}$	12 10 6
Do. from ditto relanded, at 3 ^l . 12s. per Ton, }	5,707 $\frac{1}{2}$	81 10 8 $\frac{3}{4}$
Do. from Melasses, at 1s. 4d. per Gal. — }	620,335 $\frac{5}{8}$	41,355 14 4 $\frac{3}{4}$
Additional Duty, 2d. per Gal. - }		
Do. from Foreign Wine or Cider im- }	—	—
ported, at 2s. 1d. per Gal. - }		
Additional Duty, at 2d. per Gal. - }		
Do. from Malted Corn for Home Con- }	16,350	2,627 13 6 $\frac{1}{4}$
sumption, at 40 ^l . 10s. per Ton, }		
Do. from Melasses, for do. at 40 ^l . 10s. }	31,880	5,123 13 6 $\frac{1}{4}$
per Ton, - - }		
Starch, at 2d. per Pound. — Additional }	13,996,312 $\frac{1}{2}$	116,635 18 9
Duty, at 1d. per Pound, - }		
		4,853,507 4 9

APPENDIX, No. XVIII.

and *British* Spirits, and Starch, charged with Duty, for the Years 1773, 1774, of the Additional Duties in the last period, and distinguishing each Duty.

Quantities and Amount of Years ended 5th July.			Compare of Old Duties.	
1780, 1781, 1782.			Increase.	Decrease.
Quantities.	Amount of Old Duties.	Amount of Additional Duties		
87343,083 $\frac{9}{10}$	2,183,577 1 10 $\frac{3}{4}$	—	368,876 16 6 $\frac{1}{4}$	
1,177 $\frac{1}{4}$	745 11 10	94 8 6	—	261 3 5
2,349,742 $\frac{1}{4}$	783,247 8 4	65,614 11 1 $\frac{1}{2}$	170,074 6 8	
10 $\frac{3}{4}$	6 16 2	1 1 6	6 6 6	
1,659 $\frac{7}{8}$	553 5 10	77 3 3	—	123 2 6
3,050,733 $\frac{1}{2}$	711,837 16 4	70,714 0 4	—	251,858 16 8
11,757,499 $\frac{2}{5}$	489,895 16 7 $\frac{1}{2}$	32,589 17 9	74,302 11 11 $\frac{3}{4}$	
213	17 15 0	1 15 6	10 15 9 $\frac{3}{4}$	
—	—	—	—	27 3 6 $\frac{1}{4}$
161,124	20,140 10 0	784 2 3	—	96,185 19 4 $\frac{1}{2}$
1,119	152 2 3	11 17 0	150 14 9	
168,330 $\frac{3}{4}$	7,907 17 4	—	7,031 19 5 $\frac{3}{4}$	
—	—	—	—	10,247 7 1 $\frac{1}{2}$
7,054,603	881,825 6 7 $\frac{1}{2}$	58,662 18 7 $\frac{1}{2}$	130,490 5 10 $\frac{1}{2}$	
128	32 0 0	3 4 0	19 9 6	
—	—	—	—	81 10 8 $\frac{3}{4}$
107,415	7,161 0 0	349 7 10	—	34,194 14 4 $\frac{1}{4}$
746	77 14 2	5 5 4	77 14 2	
187,575 $\frac{1}{4}$	23,764 5 1 $\frac{1}{2}$	—	21,136 11 6 $\frac{3}{4}$	
—	—	—	—	5,123 13 6 $\frac{1}{4}$
18,241,073	152,008 18 10	49,080 7 5 $\frac{1}{2}$	35,373 0 1	
	5,262,951 6 4 $\frac{1}{4}$	277,990 0 5 $\frac{1}{2}$	807,547 12 10 $\frac{1}{4}$	398,103 11 3 $\frac{1}{4}$
	4,853,507 4 9		398,103 11 3 $\frac{1}{2}$	
	409,444 1 7 $\frac{1}{4}$		409,444 1 7 $\frac{1}{4}$	



APPENDIX, No. XIX.

An ACCOUNT of the GROSS and NET Produce on
Tea for Five Years, *viz.* from 1743 to 1747.

Years.	Gross Produce.			Charges of Management.			Net Produce.		
	<i>L.</i>	<i>s.</i>	<i>d.</i>	<i>L.</i>	<i>s.</i>	<i>d.</i>	<i>L.</i>	<i>s.</i>	<i>d.</i>
1743	157,386	10	9 $\frac{3}{4}$	5,427	1	1 $\frac{3}{4}$	151,959	9	8
1744	152,587	18	3 $\frac{1}{2}$	5,522	4	6 $\frac{1}{4}$	147,065	13	9 $\frac{1}{4}$
1745	151,168	7	1 $\frac{1}{2}$	5,537	11	9 $\frac{1}{2}$	145,630	15	4
1746	249,018	19	11 $\frac{1}{2}$	5,709	18	11 $\frac{1}{4}$	243,309	1	— $\frac{1}{4}$
1747	263,514	—	3 $\frac{1}{2}$	5,576	3	4 $\frac{3}{4}$	257,937	16	10 $\frac{3}{4}$

CHAS. POLHILL,
J. FOWLE,
JAS. VERNON,
R. EYRE,
H. TOWNSHEND,
WM. BURTON.
J. ORLEBAN,
AUG. EARLE,
D. BAPILLON.



